



ITE Group plc
Annual Report and Accounts
30 September 2011

Creating marketplaces for business



ITE is one of the world's leading organisers of international trade exhibitions & conferences and specialises in organising events in growing and developing markets

	Year ended 30 September 2011	Year ended 30 September 2010
Volume sales	644,000m²	491,000m ²
Revenue	£155.5m	£113.5m
Profit before tax	£39.1m	£31.3m
Headline pre-tax profit*	£51.4m	£36.6m
Basic earnings per share	12.8p	10.0p
Diluted earnings per share	12.6p	9.8p
Headline diluted earnings per share**	16.6p	11.6p
Dividend per share	6.1p	5.7p
Net cash	£5.5m	£23.0m
Net assets	£80.9m	£72.6m

Notes:

* Headline pre-tax profit is defined as profit before tax, amortisation of acquired intangibles and impairment of goodwill (including associates), profits or losses arising on disposal of group undertakings, revaluation of financial liabilities in relation to put options over non-controlling interests, settlement of contingent consideration and direct costs on completed and pending acquisitions and disposals – see note 4 for details.

** Headline diluted earnings per share is calculated using profit before amortisation of acquired intangibles and impairment of goodwill (including associates), profits or losses arising on disposal of group undertakings, revaluation of financial liabilities in relation to put options over non-controlling interests, settlement of contingent consideration and direct costs on completed and pending acquisitions and disposals – see note 8 for details.

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Investing in high quality events

Twenty four hours at ITE

ITE is an expanding business and on 17 March 2011, the Group was simultaneously organising 14 events in nine venues, six cities, four countries and covering seven industry sectors.

Spring and Autumn seasons are traditionally busy for ITE and each exhibition and conference has to be meticulously planned to deal with the sometimes unpredictable challenges that are associated with live events. Consistently delivering large numbers of successful events is a testament to the organisational abilities of the Group and the skill and commitment of its staff.

Organising a large number of simultaneous events across the Group demands skill, confidence and expertise.



Ingredients Russia

VVC, Moscow

Ingredients Russia was first held in the mid 1990s and in 2011 was moved to the Spring season to co-locate with the Dairy & Meat Industry event.



Dairy & Meat Industry

VVC, Moscow

Dairy & Meat Industry was acquired in 2010 to further strengthen ITE's portfolio of food and drink events.



Fasttec

Sokolniki, Moscow

Fasttec is Russia's largest event for the hardware and fasteners market. It is co-located with three other events in the industrial and manufacturing sector.



ISET/Interinstrument

Sokolniki, Moscow

ISET/Interinstrument is a specialist trade event covering tools and accessories for a broad range of industries.



Geoform+

Sokolniki, Moscow

Geoform+ is a highly specialised exhibition covering a range of fields such as geodesy, cartography, geographic information systems, satellite navigation, geology and geophysics.



Cabex

Sokolniki, Moscow

Cabex is an international exhibition for the cable and wire industry and celebrated its 10th edition in 2011.



iFFF

Crocus Expo, Moscow

The International Fast Food Fair (iFFF) was launched by ITE in 2010 to cater for the industry that supports Russia's burgeoning fast food market.



MITT

Expocentre, Moscow

The Moscow International Travel & Tourism exhibition is one of ITE's largest events and is recognised as one of the top five travel industry exhibitions in the world.



TURJOGE

Meriton Hotel, Ankara

TURJOGE is Turkey's leading event for the oil and gas industry and consists of a conference and showcase exhibition. It celebrated its 10th anniversary in 2011.



Forum Create Yourself

Krasnodar Expo, Krasnodar

ITE's Krasnodar business was acquired only a few days prior to the 2011 edition of Forum Create Yourself, an exhibition for the education and careers sector.



Autoshow Azerbaijan

Baku Expo Center, Baku

Autoshow Azerbaijan is the country's leading trade event for the automotive sector. 2011 was the 7th annual edition of the event which was held for the first time in the impressive new Baku Expo Center.



UzBuild

Uzexpocentre, Tashkent

UzBuild is Uzbekistan's leading trade exhibition for the building and interiors sector. The 2011 event was the 12th annual edition of UzBuild.



MebelExpo

Uzexpocentre, Tashkent,

Co-located with UzBuild, MebelExpo features furniture for the home and office as well as textiles, materials and technology for furniture manufacture.



Machine Building

Siberian Fair, Novosibirsk

Organised by ITE Siberian Fair, this event covers a range of metal products, metal processing technology, machinery, tools and equipment.

Overview Highlights 2011

+18%
Increase in
like-for-like revenue

+15%
Increase in like-for-like
headline profit

Record results reflect strong organic growth with a contribution from new acquisitions

Return to economic growth in the Russian and CIS markets

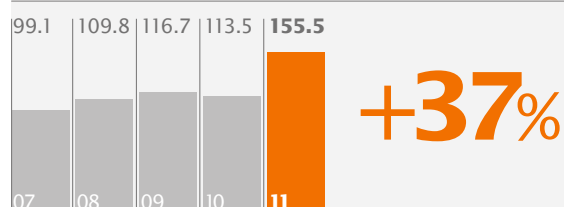
Completed three successful acquisitions in the year, adding new sectors and geographies to ITE's business

Strong cash generation – net cash of £5.5 million (2010: £23.0 million) after investments of circa £50 million in the event portfolio

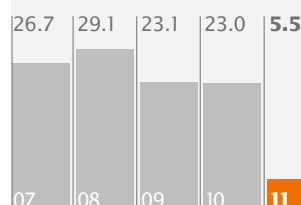
Final dividend increased to 4.2p (2010: 4.0p); full year dividend is 6.1p (2010: 5.7p)

£93 million of revenues booked for 2012 financial year; 8% ahead of prior year on a like-for-like basis

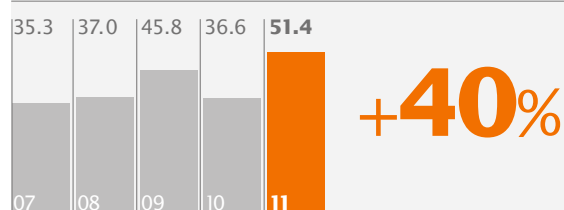
Revenue £m



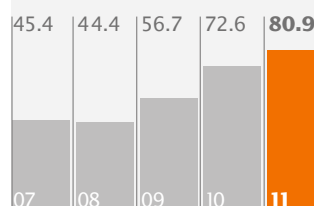
Net cash £m



Headline profit before tax £m



Net assets £m



Overview

ITE at a glance

UK & Western Europe

Divisional review **pg.30**

ITE offices

London, Huddersfield, Hamburg, Utrecht

Key sectors

Fashion

39.0Sq m sold (000s)
(2010: 37)**9.0**2011 revenue (£m)
(2010: 8.2)**173**Number of staff
(2010: 173)

Eastern & Southern Europe

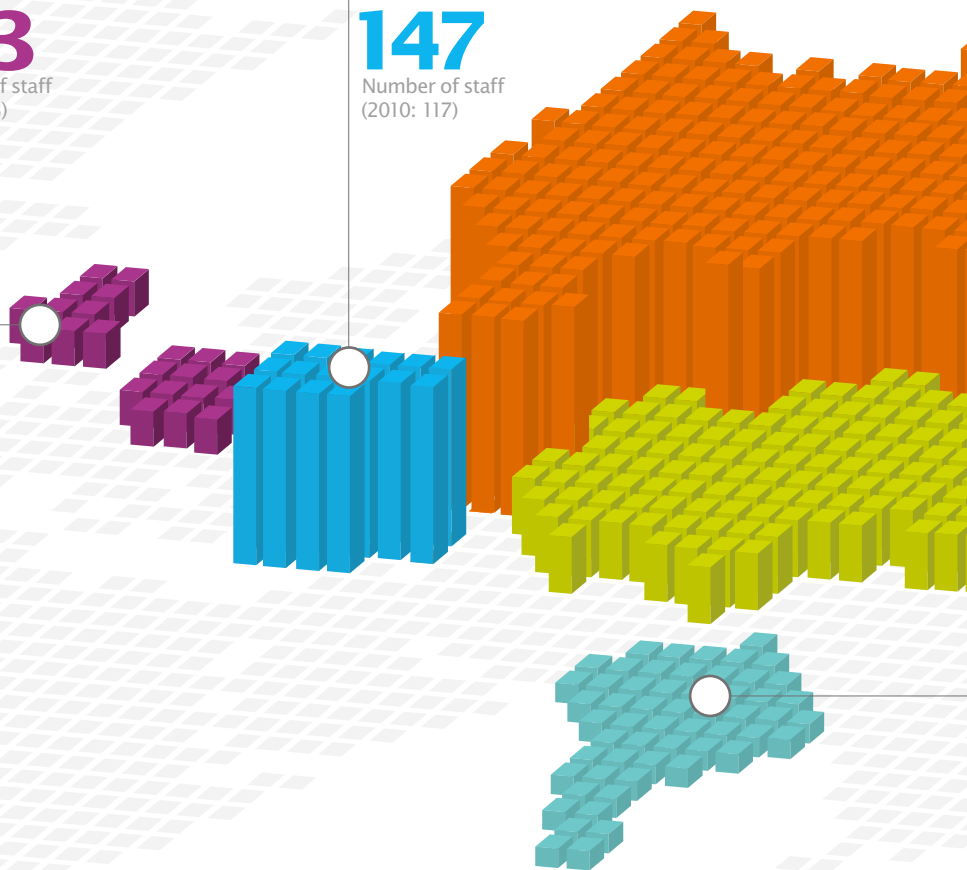
Divisional review **pg.26**

ITE offices

Istanbul, Antalya, Kyiv, Poznan

Key sectors

Construction, Travel Motor

185.9Sq m sold (000s)
(2010: 179)**17.9**2011 revenue (£m)
(2010: 15.3)**147**Number of staff
(2010: 117)

Central Asia & CaucasusDivisional review **pg.28****ITE offices**

Almaty, Astana, Atyrau, Aktau, Baku, Tashkent, Bishkek

Key sectors

Construction, Oil & Gas, Healthcare, Travel

66.6Sq m sold (000s)
(2010: 60)**21.9**2011 revenue (£m)
(2010: 19.6)**157**Number of staff
(2010: 153)**Russia**Divisional review **pg.24****ITE offices**

Moscow, St Petersburg, Novosibirsk, Krasnodar

Key sectors

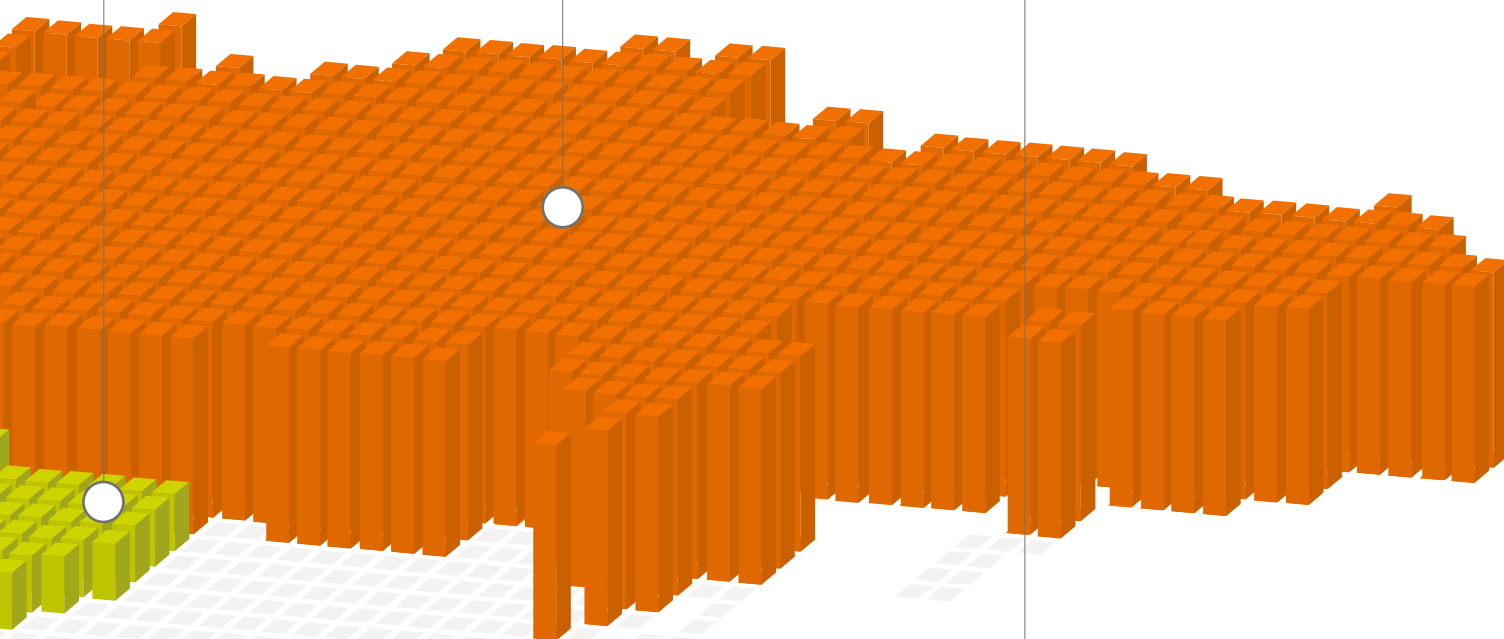
Construction, Food, Travel, Motor, Oil & Gas

344.5Sq m sold (000s)
(2010: 206)**105.6**2011 revenue (£m)
(2010: 66.1)**482**Number of staff
(2010: 367)**Rest of World**Divisional review **pg.31****ITE offices**

Beijing, Shanghai, Dubai, New Delhi

Key sectors

Construction, Oil & Gas

8.0Sq m sold (000s)
(2010: 9)**1.1**2011 revenue (£m)
(2010: 4.3)**57**Number of staff
(2010: 44)**14**

countries of operation

211

global events held

644

Sq m sold (000s)

Overview

ITE's business

ITE is an organiser of exhibitions and conferences specialising in emerging and developing markets. ITE organises high-quality events of an international standard throughout the 14 countries in which it operates. The business is managed in five main geographic sectors: Russia, Central Asia & Caucasus, Eastern & Southern Europe, UK & Western Europe and Rest of World (see Divisional Review on pages 22 to 31 and the Financial Highlights section on pages 1 to 2).

As an exhibition organiser, ITE hires venues at which it stages its events and markets the events to both exhibitors and visitors. Exhibitions and conferences provide an opportunity for participants from national and international companies to meet, network and transact business. The exhibition media is the best media for suppliers to display and demonstrate their products to potential buyers. This is particularly powerful in emerging and developing markets where culturally face to face meetings are the norm and where alternative media, B2B publishing and on-line marketing opportunities are less developed.

ITE's strength derives from its focus on organising B2B exhibitions and conferences, the development of strong brands in key industry sectors and the regional expertise in the markets in which it operates. ITE has been operating in these markets for over 15 years and its experience and local knowledge are unique.

ITE's principal business of organising B2B trade exhibitions accounts for 97% of the Group's revenues. Conferences account for circa 2% of the Group's revenues and other activities relating to the core exhibition business (mostly publishing) account for 1% of revenue.

ITE's sector brands are a key asset. The brands have been established through a sustained record of presenting high quality events which meet customer expectations. ITE events serve key industries including construction & interiors, oil & gas, food & drink, travel & leisure, motor & transport, fashion, medical & healthcare and IT & telecoms.

ITE has an extensive office network, covering both the territories where our events are held and international sales offices in other countries. ITE is able to operate at national level where local staff are close to local industry trends and at an international level where our sales teams are in regular communication with key industry suppliers in our sectors. The Group has 26 offices across the world, each of them employing almost exclusively local staff.

The offices of the Group co-operate in a unique way. Each office sells its own exhibitions, but participates with equal levels of commitment in the exhibitions organised by other offices. This holistic approach has been carefully cultivated through the years and enables ITE's business to follow long-established trading patterns.

Region	Offices	Staff*	Events	% of 2011 Group revenues
Russia	4	482	104	68%
Central Asia & Caucasus	7	157	70	14%
Southern & Eastern Europe	6	147	25	11%
UK & Western Europe	4	173	4	6%
Rest of world	5	57	8	1%
Total	26	1,016	211	100%

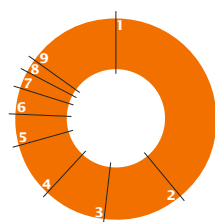
* As at 30 September 2011

ITE's top 50 events in 2011 (by profit) are categorised by region and sector

	Construction & interiors	Oil & gas	Travel & tourism	Motor & transport	Food & drink	Fashion & textiles	Industrial technology	Pharmaceutical & healthcare	Other	Total
Moscow	●●●●●	●●	●	●●	●●●		●●	●	●●●●●	20
St Petersburg	●●●								●	3
Novosibirsk	●●●									2
Krasnodar	●●●									2
Kazakhstan	●●●	●●	●		●			●	●	9
Azerbaijan	●	●●								2
Uzbekistan		●								1
Ukraine	●		●					●		3
Turkey	●		●		●				●	4
UK & Western Europe						●●●●				4
Total	16	6	4	2	5	4	2	3	8	50

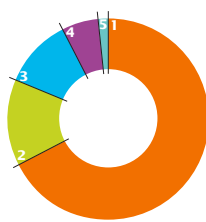
● > £1 million revenue
 ● < £1 million revenue

Turnover by sector



	2011	2010
1. Construction	39%	39%
2. Oil & Gas	13%	12%
3. Food	10%	10%
4. Travel	9%	12%
5. Fashion	5%	7%
6. Motor	4%	5%
7. Medical	3%	4%
8. IT	2%	2%
9. Other	15%	9%

Turnover by region



	2011	2010
1. Russia	68%	58%
2. Central Asia & Caucasus	14%	17%
3. Eastern & Southern Europe	11%	14%
4. UK & Western Europe	6%	7%
5. Rest of World	1%	4%

Overview

Chairman's statement

Record financial results

Iain Paterson, Non-executive Chairman



Group performance

The Group has delivered record financial results following a strong operating performance. Revenues of £155.5 million (2010: £113.5 million) and headline profit before tax of £51.4 million (2010: £36.6 million) have resulted from increased volume sales of 644,000m² (2010: 491,000m²). Pre-tax profit for the year was £39.1 million (2010: £31.3 million). This growth combines a first time contribution from acquisitions made during the year with a strong recovery in the Group's principal trading market, Moscow, and with the holding of its largest biennial event, the Moscow International Oil & Gas Exhibition.

Headline diluted earnings per share of 16.6p is a 43% improvement on last year's comparable figure of 11.6p per share; fully diluted earnings per share was 12.6p (2010: 9.8p). The Group has finished the year with a positive net cash balance of £5.5 million (2010: £23.0 million) after making investments of about £50 million to expand its portfolio of events. The Group remains highly cash generative and, as at 25 November 2011, had a net cash balance of £4.6 million, after paying for the recently announced Autoexpo acquisition.

The Group made three important acquisitions in the year, all of which were consistent with its strategy for growth in its target emerging markets. MVK, primarily a Moscow exhibition business, was acquired in December 2010 and brought good market positions in sectors where ITE had little or no representation. The Group extended its presence in the growing regional markets of Russia by acquiring an exhibition business based in Krasnodar in March 2011. In July 2011, the Group completed the acquisition of 60% of Yapibuild which is the major construction event in Turkey.

Board and management

The Board has seen some changes during the year. Malcolm Wall moved abroad and consequently stepped down as a Non-executive Director at the end of August 2011. I would like to thank Malcolm for his contribution over the last five years and particularly for chairing the Remuneration Committee since 2008. Linda Jensen joined the Board as a Non-executive Director in July 2011. Linda has relevant and current experience having worked in Russia for five years and is now running a media business based in Eastern Europe. She brings to the Board substantial emerging market business knowledge. Neil England, who has been a Non-executive Director of the Group since 2008, has taken on the role as Chairman of the Remuneration Committee.

To support its growth strategy, the Board has worked to strengthen further the executive and senior management team. Outstanding, committed employees support the management team throughout our territories and the Board would like to extend its thanks and appreciation for their efforts over the past year.

The Board fully supports the updated UK Corporate Governance Code and recognises that good governance supports the long-term health of the Group. We are conscious of our stewardship responsibilities including our role in setting values which underpin our Group culture. As Chairman, I am mindful of my personal responsibility for leading the Board and ensuring it operates effectively. The Board Effectiveness Review carried out during the year confirmed the Board and its Committees continue to work effectively and the insights provided have been used to set a clear action plan for the year ahead.

Dividend

The Board has a good record of maintaining a progressive dividend policy while ensuring earnings cover of more than two times across the biennial cycle. The interim dividend was increased from 1.7p to 1.9p and the proposed final dividend is 4.2p (2010: 4.0p), making a full dividend for the year of 6.1p (2010: 5.7p). The final dividend will be paid on 13 February 2012.

Outlook

The Group has enjoyed a strong recovery in its core Moscow market. The regional markets in Russia have also enjoyed a recovery and the adjacent CIS markets are now showing improving results, albeit not yet as strongly as in Russia. There is expected to be further economic growth in Russia this year as well as a continuation of the recovery in the CIS markets.

At 25 November, forward bookings are £93 million which is in line with the Board's expectations and on a basis represents growth of circa 8% over last year's revenues booked at the same time. The Group has a strong portfolio of exhibitions in emerging and growing markets. With its cash flow and strong balance sheet, the Group is in an excellent position to continue to grow its business both organically and through selective acquisitions. The Board remains focused on executing its strategy and, whilst ITE is not immune to changes in the world economy, the Board remains confident of the Group's future prospects.



Iain Paterson
Non-executive Chairman
28 November 2011

£155.5m
Revenue

6.1p
Dividend per share

Business review

Chief Executive's review

Expanding ITE's portfolio has created a number of opportunities to leverage the customer base and achieve synergies across the Group

Russell Taylor, Chief Executive Officer



16.6p
Headline diluted EPS

644
Sq m sold (000s)

The Group's performance

The Group has delivered a strong financial and operating performance in a year which saw the momentum of last year's nascent recovery in the Moscow business continuing through the year and spreading to related CIS markets. Trading conditions have been strongest in the Moscow exhibition market which accounts for circa 51% of the Group's annual revenues. The Group's like-for-like volume sales reflect this improved trading environment with a 15% increase over last year. In addition, the Group completed three important acquisitions in the year. These acquisitions and the reported return to economic growth in its markets have helped ITE to become a broader and stronger business.

Revenues for the year increased by 37% to £155.5 million (2010: £113.5 million). A first time contribution from the newly acquired businesses accounted for £16 million of the increase and £26 million was from organic growth and the biennially recurring Moscow International Oil & Gas Exhibition. On a like-for-like basis revenues grew 18% year on year. The effect of currencies on the Group's revenues was negligible as average Euro-Sterling exchange rates over the year were largely unchanged from the previous year. The Group's reduced gross margin of 48% has been affected by the addition of lower yielding event portfolios in the newly acquired businesses. The additional overhead costs associated with adding two large portfolios of events has contributed to an increase in administrative expenses before amortisation costs to £24.1 million (2010: £19.9 million). The net impact of these changes on operating profit margins (before amortisation and transaction costs) has been an increase from 32% to 33%.

Business development

The Group has successfully completed three significant acquisitions in the last year. In December 2010, the Group announced the acquisition of the MVK portfolio of events in Moscow. This portfolio of events had little overlap with ITE's existing Moscow portfolio and has provided the Group with access to new sectors as well as a broader exposure to the Russian economy. The principal events acquired through MVK include packaging, printing and furniture events, which can now be counted alongside ITE's traditional Moscow sector strengths in construction, oil and gas, travel and tourism, food, transport and security. The new events have local Russian exhibitors as their main customer base and ITE now has the opportunity to increase the international customer base for these events. The MVK portfolio contributed £9.2 million of revenue and £3.7 million of profits before tax to the 2011 result.

In March 2011 the Group announced the acquisition of a regional exhibition business in Krasnodar that is located in the South-West of Russia. Krasnodar is in an increasingly prosperous region and is near to the cities of Sochi (Winter Olympics venue in 2014 and FIFA world cup venue in 2018) and Rostov-on-Don. The exhibitions acquired reflect the local industries and agricultural bias of the region. The biggest events are agriculture, construction, wine and tourism but overall the business runs more than 20 exhibitions covering all aspects of the local economy. ITE is now the principal organiser both in the local venue and the region. This expansion provides a more balanced geographic exposure to Russia complementing the existing businesses operating in St Petersburg, Moscow and Novosibirsk. The Krasnodar portfolio contributed £4.3 million of revenue and £1.2 million of profits before tax to the 2011 result.

In July 2011 ITE announced the acquisition of 60% of the leading construction events portfolio in Turkey. The Yapi portfolio comprises the largest and longest running construction exhibition in Istanbul, Yapibuild, together with two smaller regional exhibitions taking place in Izmir and Ankara. Construction is one of Turkey's main industries and strongest sectors. There is good potential for growth in these exhibitions as well as synergy with the rest of the ITE's portfolio, especially as Russia and CIS remain strong export markets for Turkish construction businesses. The Yapi portfolio contributed £0.6 million of revenue and £0.1 million of operating profit to the 2011 result.

Expanding ITE's portfolio has created a number of opportunities to leverage the customer base and achieve synergies across the Group. Within the existing markets the aim is to replicate some of the new sectors acquired in Moscow into the other regional Russian and CIS markets. There are also added benefits from cross marketing the Moscow customer and visitor base into the new regional Russian markets and vice versa. The opportunities to extract additional value from the steps taken this year mean that the main focus of the Group for 2012 in Russia will be on consolidation and integration.

The acquisition of the MVK portfolio triggered an unexpected renegotiation of ITE's existing trading terms with the venue. As a result, in March 2011, ITE Moscow took the decision to relocate a number of its leading events from the Crocus venue to more centrally located venues. The move will provide a more stable future for these events, but in the short term the scope for growth of some of the events could be restricted. Bookings for these re-located events are currently progressing in line with management's expectations.

Business review

Chief Executive's review continued

The Group will continue to look for opportunities to expand the business model both in market and by diversifying geographically

Alongside this expansion of the business we have continued to develop the strength and depth of its management team as well as the Group's infrastructure. There are a number of initiatives to develop the Group's management and the internal communication systems to reflect the expanded size of the business. A Group Human Resources Director has been recruited to bring more focus on Group wide talent development and succession planning.

While ITE's focus in Russia and CIS will be largely on developing the newly acquired businesses, the Group will continue to look for opportunities to expand the business model both in market and by diversifying geographically. There are opportunities to increase the Group sales from Asia into ITE's existing markets through expanding the Group's network of international sales offices in the region beyond the Beijing office.

Strategy

ITE's primary business objectives are to:

- > Create sustainable growth in headline earnings per share; and
- > Create and maintain sustainable positions of market leadership in the exhibition business in emerging markets.

ITE's strategic priorities for achieving these objectives are:

- (i) to continue to strengthen and develop its existing positions of market leadership
- (ii) to expand its business model into new sectors and geographies where there is potential to develop strong market positions
- (iii) to grow and improve its portfolio of international exhibition brands
- (iv) to invest in the development of management talent in ITE.

ITE's performance against its strategic objectives is set out below:

i) To continue to strengthen and develop its existing positions of market leadership

ITE's positions of market leadership are founded on its strength in international sales, its strong brands, its established local offices and its longstanding relationships with venues.

International sales strength

ITE's strength in international sales differentiates it from most of its competition in Russia and the related CIS markets. Through its subsidiary sales offices the Group has established a loyal customer base and a specialism in promoting sales into ITE's Russian and CIS exhibitions. In 2011 the total net metres sold by the Group's international sales offices increased by 7% to 98,000m². As a proportion of total sales the international element has fallen from 41% to 38%, reflecting the acquisition of new businesses which are mostly weighted towards local sales. The Group has invested in building up its sales offices this year and expects to see an increase in international sales next year. This year the majority of sales were generated by its London office 12%, its German office 4%, its Chinese office 2% and its Turkish office 2%.

ITE's market leading brands

ITE has established strong brand identity in certain exhibition sectors. In particular, the Build brand in construction, the Oil & Gas events brand, the ITE Travel exhibition and World Food brands all have strong reputations as leading events in the Russian and CIS markets earned through more than 15 years of sustained good performance. The Group is working to establish more recognition for these brands outside their current identification with the Russian and CIS market places. There are also a number of new and developing local brands in security, packaging, furniture, printing and mining events. The Group is also working to consolidate and establish these brands more visibly in the international exhibition world.



Enhancing local office strength

ITE's brands have built their reputation through sustained delivery of successful exhibitions to customers. The foundation of this are ITE's local offices which, like its exhibitions and brands, have been in place for over 15 years and today employ over 1,000 staff who organise the details of staging an exhibition. Critically they own and manage the database of visitors necessary for making an exhibition successful for ITE's customers. ITE's local office skills in Russia and CIS are a competitive advantage over other international organisers and a barrier to entry for new organisers wishing to run events in these markets. ITE continues to strengthen its local office presence through investment in infrastructure and training its staff. There is a high level of equity ownership in the Group with more than 56% of staff participating in equity schemes of some description.

Maintaining venue relationships

ITE has established long-standing relationships with the venues that host its exhibitions. Historically ITE has supported the development of venue facilities which in turn has helped the Group's exhibitions to grow. Through this ITE has acquired the rights to run its main exhibition themes in its chosen venues at the time of its choice. ITE has continued to work on maintaining its good relationships, though as noted earlier there has been a significant relocation of events between venues in Moscow this year. This year ITE have reached agreement to be the anchor tenant of a new 14,000m² facility in Novosibirsk. However, there will be new opportunities in the future with a new venue development expected in St Petersburg by 2014, and possible new venue developments mooted in Moscow by 2016.

(ii) To expand the business model into new sectors and geographies where there is potential to develop strong market positions

In existing markets this strategy means targeting new sectors or regions in which to acquire or develop businesses where there is potential for the participation of international exhibitors. In new markets ITE is targeting the development of exhibition businesses where there is clear opportunity for strong future growth.

The Group has expanded the sector exposure of its Moscow business through the acquisition of the MVK portfolio of events and in Turkey through the acquisition of Yapibuild. The MVK portfolio of events has no overlap with ITE's existing Moscow portfolio and brings to the Group strength in the packaging, printing and furniture sectors. Construction is in an existing Group sector, and Yapibuild acquisition extends the Group's representation to a new market. ITE also extended its regional business exposure in Russia through the acquisition of an exhibition business in Krasnodar. The exhibition business acquired reflects the local industries and agricultural bias of the region. The largest events are in construction, agriculture and tourism.

(iii) To grow and improve its portfolio of international brands

The Group's management has been developing initiatives to improve the strength of ITE's existing international brands and to improve the international awareness of its strong local brands. By developing the international recognition and strength of its brands ITE improves the Group's ability to 'clone' its events into new geographies.

(iv) To invest in the development of management talent in ITE

ITE has benefited over the years from the commitment, loyalty and expertise of its employees. As ITE grows in its staff numbers and geographic spread it is important to maintain its culture. The Group has continued with last year's process of identifying, training and developing selected individuals to ensure that quality management is generated internally in the future.

Russell Taylor
Chief Executive Officer

Business review

Delivering strategic value

We are committed to maximising shareholder returns through a mixture of increasing dividends and re-investment in the business

Key Performance Indicators

The key performance indicators that ITE uses to measure progress against its objectives and the performance this year are set out below:

To increase revenues from existing exhibition portfolio	Sterling revenues from existing products have increased by 18% in the year under review. This reflects an economic recovery in the Group's principal markets.
To increase the annually recurring volume base of ITE's exhibition business	The annually recurring volume base of the exhibition business increased by 35% in 2011 from 434,000m² to 587,000m². The net increase in volume sales is comprised of a 15% increase in like-for-like sales of 63,000m², and an additional 90,000m² from the new acquisitions made in the year. Additional volume was added through 43,000m² of acquired events in Moscow (MVK) and 33,000m² of new events in Krasnodar. In addition to events taking place in the year the new acquisitions are expected to generate another 40,000m² of annually recurring exhibition sales in the next financial year when the full year effect of the new businesses is reported.
To make incremental bolt on acquisitions in support of the Group's objectives	In December 2010 the Group acquired a portfolio of complementary exhibition subjects in Moscow through the acquisition of MVK, a Moscow based exhibition business. In March 2011 the Group acquired an exhibition organising business in Krasnodar, South Russia. The acquisition is complementary to ITE's existing Russian exhibition organising offices in St Petersburg, Moscow and Novosibirsk. In July 2011 ITE acquired Yapibuild, a portfolio of leading construction events in Turkey.
Secure forward venue rights for significant exhibitions	Of ITE's top ten exhibitions and conferences, three have secured rights for three years, five for two years and two for one year. The Group's management are engaged in an ongoing process of agreeing venue terms to ensure this objective is met. These ten exhibitions represent 52% of revenues.

Strategic priorities

Achievements

01

Build and strengthen on existing market leadership

- > Acquisition of MVK in December 2010 for €33m
- > Acquisition of Krasnodar Expo in March 2011 for up to €10m

02

Leverage our business model into new markets and geographies

- > Launch of Interfood Delhi in March 2012
- > 1,203,000 visitors in 2011 (970,000 in 2010)

03

Grow and develop our portfolio of international brands

- > Acquisition of Yem Fuar in July 2011 for up to €32m giving the Group access to the construction sector in Turkey
- > Successful launch of Delhibuild in September 2011

04

Invest in the development of our management

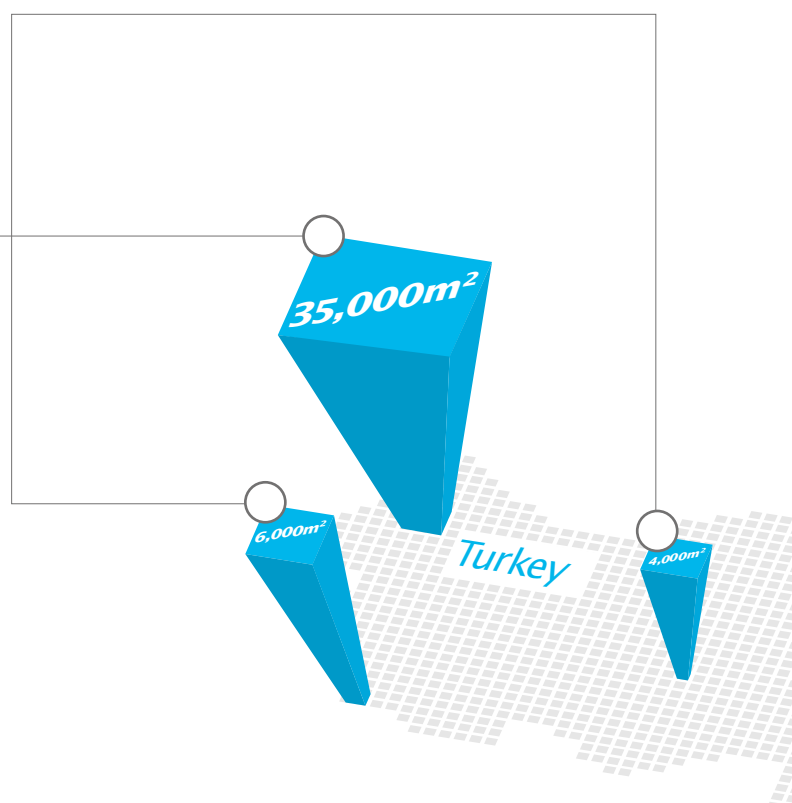
- > Group Human Resources Director appointed
- > Establishment of an internal online business network
- > Internal management development programme for 2012

01. Build and strengthen our existing market leadership.

ITE's strategy targets new sectors and regions within its existing markets where there is potential to increase the participation of international exhibitors.

ITE strengthens building portfolio with 60% acquisition of leading Turkish events

The principal Turkeybuild event, held in Istanbul, celebrated its 34th edition in April/May 2011 and covered more than 35,000m² net. It also attracted an attendance of over 110,000. The Ankara and Izmir Turkeybuild events are held annually in September and October respectively.



The acquisition of MVK further strengthens ITE's business in Russia and extends it into several new industry sectors.

ITE's acquisition of Moscow based MVK provides the Group with access to new industry sectors such as furniture manufacturing, printing, packaging and industrial products

The acquisition of Krasnodar Expo expands ITE's presence in Russia's regions.

Krasnodar Expo is a significant exhibition business based in the south of the country. Its portfolio consists of more than twenty annual exhibitions that collectively cover over 50,000m² net. The largest events serve the construction and agriculture industries.

Sq m sold

60,000m²

Russia

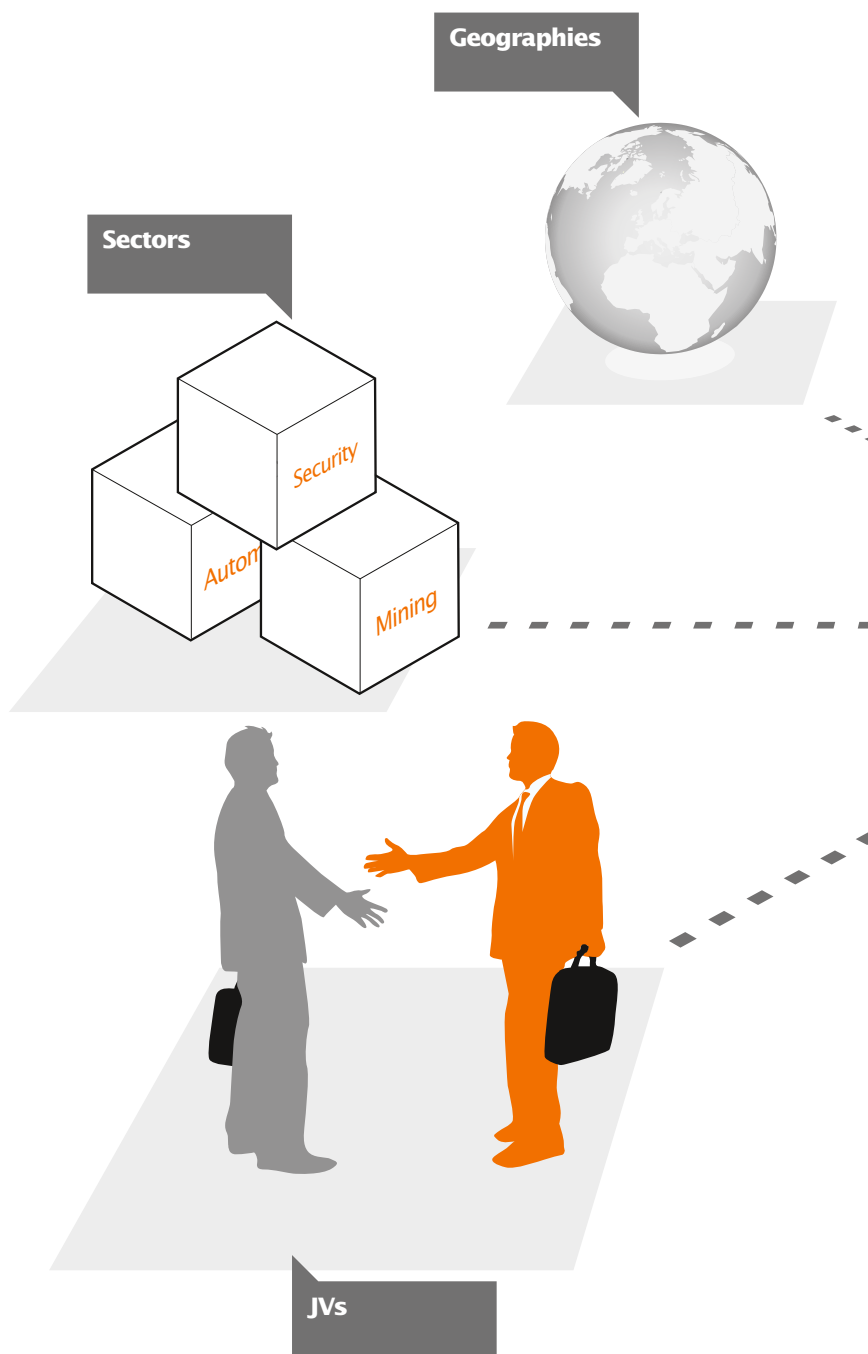
50,000m²

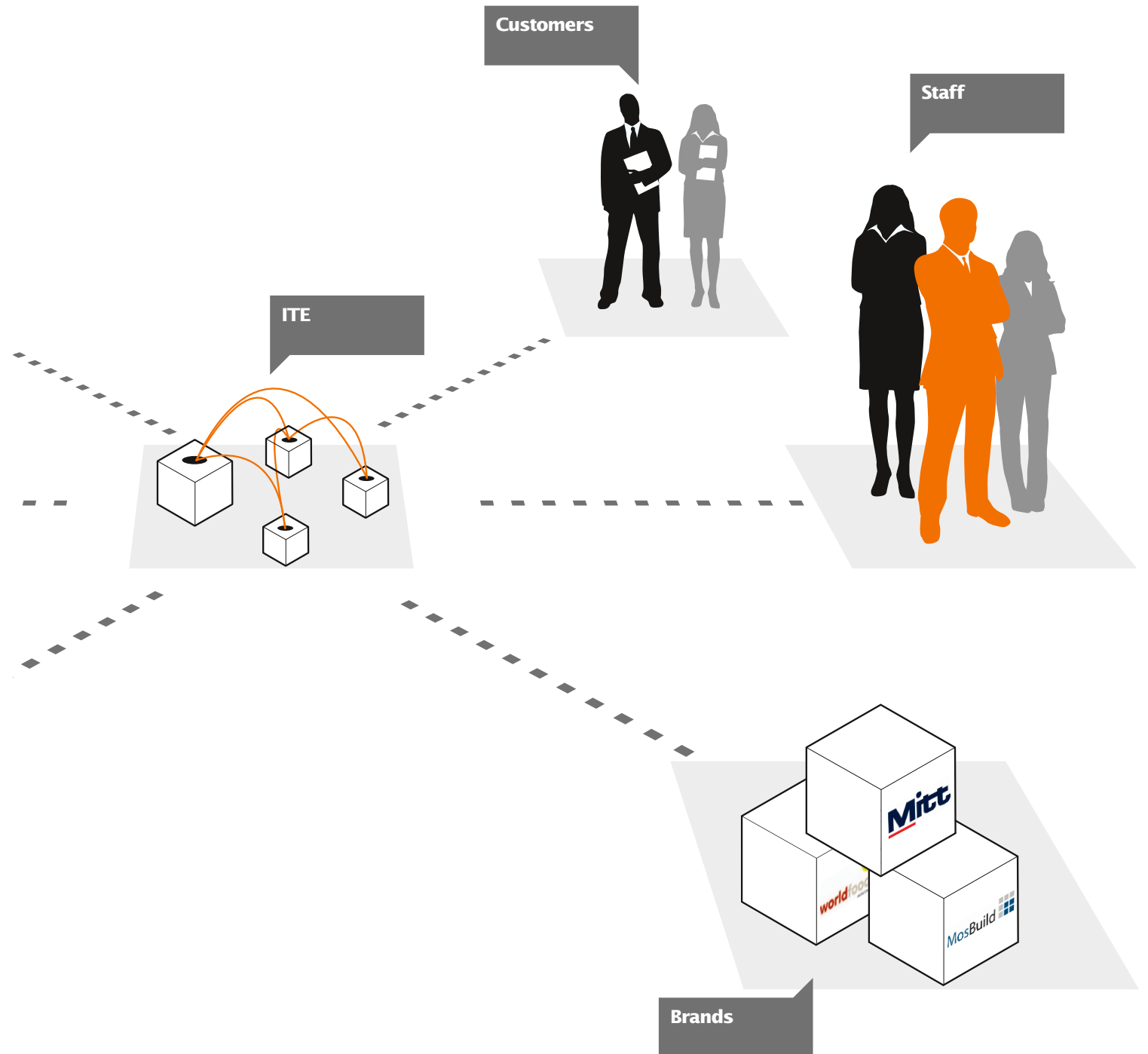
02. Leverage our business model into new markets and geographies.

ITE's business is about creating the opportunities for buyers and sellers of products to meet in a face-to-face environment. Over the past 20 years the Group has built its relationships with all parties involved in establishing a successful exhibition such as exhibitors, visitors, venues, staff and local businesses.

All parties trust ITE to deliver events of the highest quality – this trust affords the Company a unique opportunity to leverage those relationships and continue to grow its business in new markets and geographies.

The expansion of the Group over the past years has opened up opportunities for the Group's exhibitors in several new sectors, including furniture manufacturing, printing and packaging in new regions of the world, including Southern Russia, Siberia and India. The ability to take existing brands to those new territories such as build and food to India is a compelling part of the ongoing relationship ITE has with its customers.





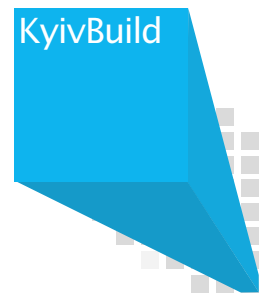
03. Grow and develop our portfolio of international brands.

In the last two decades, ITE has developed a number of successful brands that are renowned for providing effective marketplaces for business. ITE has established leading brands in a number of key sectors, in particular the *Build* brand in construction, but the Group also leads in Oil & Gas, Travel and Food.

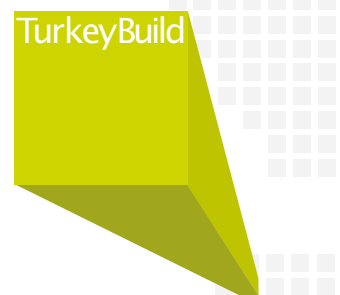
The Group is continuing to establish and enhance further brands through their extension into new geographies, these include Aquatherm, which the Group are now running in Moscow, Ukraine, Kazakhstan, Azerbaijan and Uzbekistan.

Product enhancement is designed to accelerate the speed at which ITE's events develop by focusing on delivering an improved 'customer experience' to help maintain market leading status.

For example, MosBuild has recently introduced a series of initiatives that expand the event into a more progressive '365 model' where it continues to produce business opportunities before and after the exhibition itself. The new MosBuild website supports the full range of interactive functions that are associated with the world's leading trade events. The site will become the fulcrum of the MosBuild community, members of which will have access to MyMosBuild which contains exhibitor profiles, product databases, the facility to request meetings, create personalised floorplans and set reminders for attending conference sessions, seminars and presentations. Access to MyMosBuild is also available via mobile devices and 'apps' are in development and will be tested in spring 2012.



KyivBuild



TurkeyBuild

BakuBuild

BalticBuild

MosBuild

SibBuild

KazBuild

KyivBuild

UzBuild

AstanaBuild

AtyrauBuild

DelhiBuild

YugBuild

INTERSTROYEXPO
International Construction Forum

YAPI
TURKEYBUILD
ISTANBUL



04. Invest in the development of our management.

ITE is committed to investing in staff development throughout the Group and in particular, the management team that supports growing events and the continued expansion of the business.

The Group employs a management structure that encourages creativity, promotes responsibility and facilitates the change that is required to maintain and strengthen ITE's position as a market leader. This structure relies on experienced and skilled managers who are either nurtured through the ITE system or recruited for their ability to contribute towards the development of the business.

Over two decades, ITE has built a reputation for producing effective and respected trade events in growing and developing markets. This has been achieved by setting standards that exceed customer expectations as well as the standards delivered by rival organisers.

As competition naturally intensifies and expectations grow, ITE has to meet the challenge of constant improvement. The Company recognises that this doesn't happen by chance – it happens because of the skills, qualities and commitment of the Group's staff.

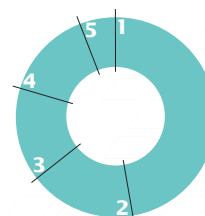
Job satisfaction and staff retention have always been strengths associated with ITE. The Company encourages staff to seize career development opportunities. Staff can switch job functions if they possess the necessary skills and drive to succeed in another role. Others move offices, relocating to a new city or country in order to progress. There are no fewer rewards for those who chose to stick with their profession of choice, because working for ITE provides the variety of products, markets and projects for people to constantly develop and test their talents.

The management support structure has been strengthened in recent years with the introduction of a Senior Management Board ('SMB'). The SMB consists of a small group of senior managers who represent the business by territory and job function. They meet quarterly and discuss a range of strategic and operational issues, sharing ideas, improving best practice and developing a strong sense of unity as each part of the Group strives to deliver better events for its customers year after year.

In 2011, ITE created the new position of Group HR Director in order to continue improving the programme of management and staff training and development across all parts of the Company. New communication tools have been employed so that valuable information and ideas can be shared across the Group and more specialist roles have been created to develop greater levels of expertise in key areas of the business such as branding, database management, business development and digital.

ITE has talented staff and the Company will continue to invest in the development of its workforce by creating the right environment, the right opportunities and the right level of support for that talent to flourish.

Staff numbers per office



		Staff*	Offices
1	Russia	482	4
2	UK & Western Europe	173	4
3	Central Asia & Caucasus	157	7
4	Southern & Eastern Europe	147	6
5	Rest of world	57	5

* As at 30 September 2011.


Colette Tebbutt

Managing Director of ITE's Moda business, Colette joined ITE via an acquisition in 2001 and has overseen a period of sustained growth in the UK's leading fashion retail trade event. A member of ITE's Senior Management Board, Colette has been at the forefront of a number of complementary show launches and acquisitions and she provides valuable experience that is used to improve and develop ITE's leading events in other markets around the world.


Anatoly Sushon

Anatoly joined ITE in London in 1994 to sell sponsorship packages and delegate places for security industry conferences. After spending time working on oil & gas and industrial events, Anatoly became Divisional Director for ITE's food industry events and is now General Director of Premier Expo in Ukraine. His vast experience and knowledge of working in the events industry in emerging markets is helping ITE to restructure and grow its Ukrainian operation.


Ruzanna Sarkisova

Ruzanna joined ITE's Moscow office ten years ago to sell exhibition space for TransRussia and the broadcasting sector event, TRBE. In 2004, she was promoted to work on Russia's largest trade exhibition, MosBuild. After a period as Sales Manager, Ruzanna is now the MosBuild Event Director as well as Sales and Operations Director for a number of other events such as MIPS, ITFM and Aquatherm.


Yuri Borodikhin

Yuri is a prime example of an employee whose potential has been nurtured by ITE, progressively taking on additional responsibilities and consistently delivering impressive results. Having joined Iteca Kazakhstan in 1997, he is now Executive Director of ITE's Kazakh business with responsibility for offices in Almaty, Astana and Atyrau. He is also General Director of KazExpoMontage, the Iteca-owned stand construction company.


Bahrz Hidayatzadeh

Bahrz joined ITE in 2001 working on the telecoms exhibition, BakuTel. His talents were identified early in his career and he was sent to work for ITE in London to further his experience before returning to Baku where he is now Sales Director at Iteca Caspian. In addition to his achievements in the workplace, Bahrz holds a UFI Exhibition Management Degree.


Robert Buckley

Robbie joined ITE in October 2000 as an Accounts Data Input Clerk and was promoted in June 2011 from Head of Group Management Information in London, to Finance Director for Russia. He is now based in Moscow and his role will further improve communication, develop local talent, assist with the application of Group policies and raise standards of reporting and financial analysis. ITE has encouraged and funded Robbie's professional studies. He now has a CIMA Accounting degree and is studying for a Masters Degree in International Corporate Finance.



Business review

Divisional trading summary 2011

Divisional analysis

	Revenue		% change	% change**
	2011 £m	2010 £m		
Russia	105,650	66,130	+60%	+25%
Central Asia & Caucasus	21,853	19,622	+11%	+11%
Eastern & Southern Europe	17,940	15,271	+17%	+11%
UK & Western Europe	8,950	8,188	+9%	+9%
Rest of World	1,063	4,336*	-75%	-66%
Total	155,456	113,547	+37%	+18%

* Includes non-recurring revenue from the operation of third party event LNG 16 in 2010.

** Measures the change over the previous year after excluding biennial events and acquired events impacting the results for the first time.

This has been a record year for ITE with the results reflecting a return to economic growth in the Group's markets, a first time contribution from newly acquired businesses and the positive effect of the Group's stronger biennial events running in the year. In total the Group saw volume sales increase by 31% to 644,000m² and revenues by 37% to £155.5 million. Like-for-like volume sales grew by 15% and revenues grew by 18%. The Group's largest events are the leading international events in their territory and their sector. Such large international events respond strongly and quickly when economic recovery begins, which is evidenced in the Group's trading performance this year.

The year has been one of improving trading conditions, most notably in Moscow which was in full recovery from the beginning of the financial year and has been operating in a 'business as usual' environment from the middle of 2011. The Group's other Russian and CIS markets have followed this trend, albeit at a slower pace, and the Group is now experiencing a recovery in these markets.

Overall in 2011 the Group ran 211 events (2010: 167). The increase in the number of events a mix of acquisitions and new launches. A detailed analysis of volumes, revenues and gross profits from the Group's exhibition and conference activities is detailed below:

Analysis of the Group's exhibition and conference activities

		Square metres sold (000)	Revenue £m	Gross profit £m	Average yield per m ²
2010	All events	491	112	55	
	Non-annual	(57)	(5)	(1)	
2010	Annually recurring	434	107	54	247
	Acquisitions	90	16	7	
	Net growth	63	19	8	
2011	Annually recurring	587	142	69	242
	Non-annual	57	12	6	
2011	All events	644	154	75	

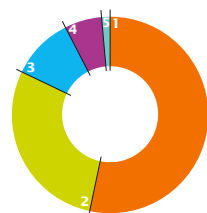
Growth in meterage

Sq m (000s)



Divisional meterage

Sq m (000s) – 2011



2011

1. Russia	344,516
2. Eastern & Southern Europe	185,948
3. Central Asia & Caucasus	66,649
4. UK & Western Europe	38,955
5. Rest of World	8,329

Business review

Russia

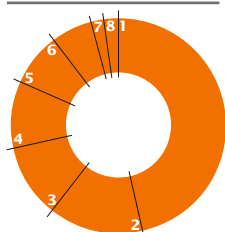
ITE now operates through four offices in Russia

In Russia ITE now operates through four offices, Moscow, St Petersburg, Novosibirsk and from March this year Krasnodar, a city in the South West of Russia. During the year the Group held 104 events in Russia, with total volume sales of 344,500m² (2010: 205,300m²). Revenues of £106 million were 60% higher than last year, reflecting a combination of organic growth, acquisitions impacting for the first time in the period and the return of the biennial Moscow International Oil and Gas event. On a basis volume sales in Russia were up 19% and revenues 25%.

The Russian economy is growing at a good pace, with GDP growth in excess of 4% in 2011 and similar levels forecast for 2012. This backdrop of economic growth allied to the late cycle nature of the industry and the Group's market leading events has resulted in an improved performance for the region's exhibitions. This has been reflected in all the Group's Russian offices with Moscow, the Group's principal operation, leading the way and the smaller regional offices following. Overall, sales to local exhibitors have recovered more quickly than international exhibitors and have been the driving force behind the growth.

In Moscow where seven of the Group's largest events are held, the recovery was well under way from the beginning of the financial year supporting a strong performance from the first half events. The Moscow International Travel and Tourism exhibition posted a record performance with volume sales of 21,000m² (2010: 19,500). The strong growth of this event was despite a reduction in space from leading Southern European travel destinations such as Greece and Italy, where Government support (to their own national exhibitors) was affected by austerity measures. The second half of the year had already experienced a recovery in the previous year and saw further growth with the Group's leading events performing strongly. TransRussia, the Group's leading logistics event has weathered the recession well and volume sales this year increased by 18% to 8,700m² (2010: 7,400m²). There was an excellent recovery for the Group's construction event, Mosbuild, which grew volumes sales by 24% to 77,600m² (2010: 62,700m²). The event remains the clear market leader in the

Revenue by sector



1. Construction
2. Other
3. Food
4. Oil & Gas
5. Travel
6. Motor
7. Medical
8. IT

2011

46%
14%
11%
10%
8%
6%
2%
2%

TOP

Award Ceremony
at Forum Create
Yourself

BOTTOM

Krasnodarexpo team

**2011 revenue (£m)**

105.6

(2010: 66.1)

Sq m sold (000s)

344.5

(2010: 206)

Number of staff

482

(2010: 367)

GDP per head (\$000s)

13.2

(source: IMF world economic outlook database)

Russian construction sector, but following a change in venue arrangements this year, future growth may be restricted in the short-term. In June the Group held the biennial Moscow International Oil & Gas Exhibition, which recorded exceptional growth with volume sales increasing by 32% to 22,800m² (2009: 17,300m²) and produced record revenues. In September WorldFood Moscow, which had been the first of the Group's large events to return to growth last year, posted a further 9% volume increase to 22,800m² (2010: 20,900m²).

In December 2010, the Group purchased the exhibition portfolio of MVK, at the time the third largest portfolio of exhibitions by volume operating in Moscow. On acquisition the operations of MVK were merged with the Group's existing Moscow business, and this proved invaluable in ensuring a very smooth integration of the business. However, the acquisition of MVK triggered a change in the relationship with the Crocus venue who announced their intention to run events competitive to some of the ITE/MVK events held at the venue. Consequently ITE has re-located some events to other venues in Moscow for 2012. MVK brings to the Group a number of new sectors including two events which now feature within the Group's ten most profitable events. EuroExpoMebel takes place each May and is one of Moscow's largest furniture events with volume sales of 14,200m², and Rosupak which takes place in June serves the packaging industry and this year recorded volumes sales of 11,500m². Both results were ahead of initial expectations.

In St Petersburg, where the recovery lagged Moscow by six months, trading was markedly improved over the previous year with volume sales up 20% and revenues up by 14%. There was good growth across all sectors, but most importantly for this construction dominated portfolio, a strong return to growth for Interstroyexpo, the region's leading event, which improved its volume sales by 34% to 8,600m² (2010: 6,400m²). The St Petersburg business has not yet recovered its 2008 market size, but further recovery is expected albeit at a slower pace than this year. A new venue development is planned for St Petersburg due for completion in 2014.

Sibfair, the Group's operation in Novosibirsk, Siberia, held 34 events during the year with volume sales of 37,500 m² (2010: 36,000), an improvement of 4% over the previous year. The region had a similar trading pattern to that of St Petersburg, with growth improving as the year progressed, although the broader based portfolio of this region which had protected it during the downturn resulted in less marked levels of rebound growth. ITE has recently agreed terms to become the anchor tenant of a new 14,000 m² state of the art exhibition centre located close to the airport. The additional international quality space is expected to provide a platform for growth in the Group's exhibition business.

In March 2011 the Group purchased Karsnodar Expo, the principal organiser of the area's exhibitions. Krasnodar is in the South West of Russia, will be one of the host cities for the 2018 FIFA World Cup and is located just two hours from Sochi where the 2014 Winter Olympics will take place. The region which is the centre of the Russian agricultural industry is one of the most prosperous outside Moscow and is now attracting increasing numbers of international manufacturers. The exhibition portfolio covers a broad range of sectors, the largest events being in the agriculture and construction sectors. During the seven months under ITE ownership the office ran 17 events, the largest of which was the construction event. In total the new business contributed volume sales of over 32,000m² and generated over £4 million in revenues.

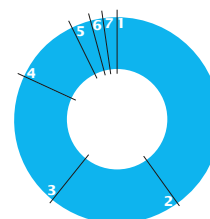
Business review

Eastern & Southern Europe

Ukraine is an attractive market for ITE with a population in excess of 45 million

Yapibuild gives the Group access to the fast growing Turkish construction market

Revenue by sector



	2011
1. Construction	40%
3. Other	21%
7. Travel	21%
2. Food	11%
5. Medical	3%
6. IT	2%
4. Oil & Gas	2%

Ukrainian
International
Travel & Tourism
exhibition, Kiev



2011 revenue (£m)

17.9

(2010: 15.3)

Sq m sold (000s)

185.9

(2010: 37)

Number of staff

147

(2010: 117)

GDP per head (\$000s)

9.4

(source: IMF world economic outlook database)

The Eastern and Southern Europe region is represented by the Group's offices in Turkey and Ukraine. Overall the region sold 185,900m² in 2011 (2010: 178,600m²) which on a like-for-like basis represented an increase of 12% in volumes and 11% in revenues. Both regions experienced solid growth, with Ukraine reflecting the benefit of some economic stability. In Turkey, which was relatively unaffected by the economic recession, the Group acquired 60% of the Yapibuild portfolio, which comprises the leading construction events in the Turkish market. The acquisition strengthens ITE's leading position in the building materials and construction sectors and is consistent with the Group's strategy of building market leading positions in its core markets and sectors.

Ukraine

Despite the recent economic and political difficulties, Ukraine remains an attractive market for ITE. The country has a population in excess of 45 million and forecast GDP growth of 5% per annum in the short to medium-term. It has significant natural resources, notably iron ore and coal, plus recent findings of shale gas reserves which provide opportunities for sustained growth that should impact positively on ITE's operations in this country.

Following a return to steady economic growth in 2011, the Group's Ukrainian business delivered modest growth of 5% with volume sales for the year of 33,600m² (2010: 32,000m²). The largest event in the portfolio is Aquatherm (serving the heating, ventilation and air conditioning sectors), acquired by the Group in 2010. This event continued to grow in 2011 delivering volume sales of 15,300m² (2010: 14,200m²).

Turkey

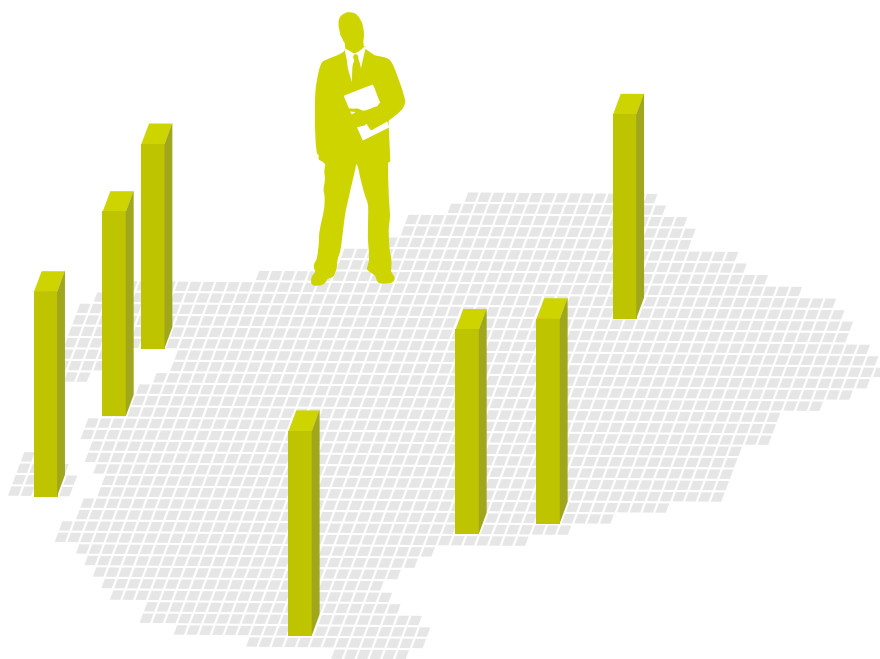
The Turkish economy is continuing to grow and the country is now established in the second tier of emerging market economies. These economies are seen as offering potential for long-term above average economic growth, and are characterised by a growing aspirational middle class population, expected to drive consumer demand. The market is characterised by two types of exhibitions, those that principally serve the domestic market and are dominated by local trade associations which tend to be low cost/low margin events, and those that attract international exhibitors which tend to be higher yielding/higher margin events. ITE's portfolio of events has until recently been biased toward the domestic market. The acquisition of EMITT (East Mediterranean International Travel & Tourism event) in 2009 and of Yapibuild in July this year has changed the composition of the Turkish business. In the medium-term the Group aims to raise the margins in its more domestic events by increasing the level of international participation

During 2011, the existing portfolio performed well with volume sales of 152,400 m² (2010: 153,900m²) these figures include some biennial events, and on a basis volume sales were ahead of last year by 5% and revenues by 7%. The most significant contribution was from the biennial TATEF (industrial metal working) event, which offset the non-occurrence of the biennial Ankomak event this year. The exhibition industry in Turkey is fragmented and offers the Group further opportunities for investment in events.

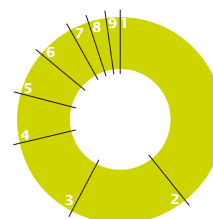
Business review

Central Asia & Caucasus

The new 20,000m² exhibition centre in Baku has helped Azerbaijan achieve a 23% increase in volume sales in 2011



Revenue by sector



	2011
1. Oil & Gas	40%
2. Construction	19%
3. Other	14%
4. Food	8%
5. Medical	7%
6. Travel	6%
7. IT	3%
8. Motor	3%
9. Fashion	2%

Austrian Ambassador, Sylvia Meier-Kajbic, greeted at World Food Azerbaijan



2011 revenue (£m)

21.9

(2010: 19.6)

Sq m sold (000s)

66.6

(2010: 60)

Number of staff

157

(2010: 153)

GDP per head (\$000s)

5.0

(source: IMF world economic outlook database)

ITE's principal offices in Central Asia are in Kazakhstan, Azerbaijan and Uzbekistan. This year the ITE organised a total of 70 events across these territories delivering total volume sales of 67,000m², an increase of 11% over the previous year. Revenues of £22 million also represented an increase of 11% over the previous year.

All of the economies in this region are dependent on Oil & Gas for their overseas earnings and economic wealth. The return to oil prices in excess of \$100 a barrel has increased confidence within these economies and helped fuel good economic growth, which has been reflected in the growth of ITE's business in the region this year.

Kazakhstan

Kazakhstan began to emerge from economic recession in early 2010 with accelerated growth in 2011, delivering volume growth of 7% and revenue growth of 5%. The late-cycle nature of the exhibition industry means that this growth is only now being fully reflected in the performance of the Kazakhstan business.

The region has two principal sectors of operation, Oil & Gas and Construction. The region's largest event is the Kazakhstan Oil & Gas exhibition which took place in Almaty in October 2010 and achieved sales of 7,800m², similar to the prior year performance. The related conference was affected by a competitive conference in Astana and revenues were circa 15% lower than the previous year. However, ITE has since acquired the rights to run the competitive conference, which has helped an improved performance in the 2011 event. The construction sector is recovering slowly after the property crash of 2008. Kazbuild, ITE's local construction event grew by 9% to 5,500m², but is still considerably below its 2007 peak.

ITE continues to enjoy a good working relationship with Atakent, the principal venue in Almaty. At present Atakent offers the Group sufficient space in which to operate its events.

Azerbaijan

ITE became the anchor tenant at the new 20,000m² exhibition centre in June 2010. This new larger venue has afforded the Group the opportunity to grow previously space constrained events and to launch new events in new sectors such as automotive and plastics. This year the region achieved volume sales of 18,600m² a 23% increase over the previous year and advanced revenues by over 30%.

Uzbekistan

ITE's Uzbekistan business showed steady growth in 2011, following very strong growth in 2010. The Oil & Gas event remains the region's dominant event, accounting for over one third of revenues. Overall the region sold 10,100m² an improvement of 4% on a like-for-like basis.

Business review

UK & Western Europe

Moda continues to look for opportunities in niche fashion sectors in the UK

2011 revenue (£m)

9

(2010: 8.2)

Sq m sold (000s)

39

(2010: 37)

Number of staff

173

(2010: 155)

GDP per head (\$000s)

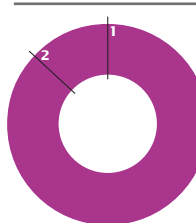
43.3

(source: IMF world economic outlook database)

Despite static economic conditions in the UK, the Group's fashion business continued to perform well. MODA is the leading midmarket fashion event for Womenswear, Menswear, Footwear and Lingerie and runs twice a year in Birmingham. Bubble is a niche high-end Childrenswear event which runs twice a year

in London. Overall these events grew by 6% in volumes and 13% in revenues as the business continued to gain market share. The business continues to look for opportunities to establish itself in other niche fashion sectors and in July 2011 took a 40% stake in Scoop, a designer led Womenswear event based in central London.

Revenue by sector



Visitors at the NEC, Birmingham for Moda UK



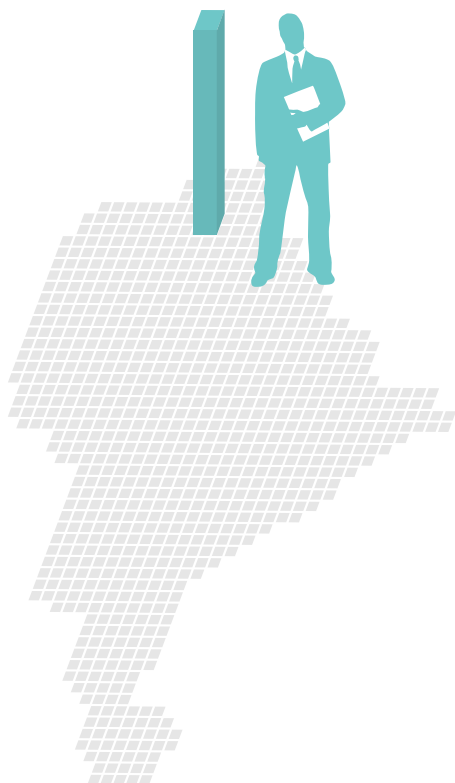
2011

1. Food
2. Other

87%
13%

Rest of World

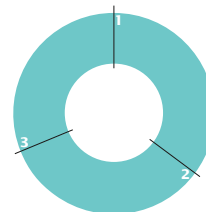
The successful launch of DelhiBuild is the first of a series of new launches planned for India



The Group's operations in this Division are in India, which has potential for significant organic growth as its exhibition industry is currently sub-s for its economy. The business is focused on organic development, and this year successfully ran Petrotech the leading Indian Oil & Gas event, and launched DelhiBuild which took place in September. 2012 will see the launch of a series of regional paper events and the return of the biennial event, Paperex, which remains the leading event in the office's portfolio.

The Group's revenues in Rest of the World are less than last year when the Group ran an international conference on Liquefied Natural Gas ('LNG' 16) in Algeria on behalf of the world body that owns the conference.

Revenue by sector



	2011
1. Construction	35%
2. Oil & Gas	34%
3. Other	31%

Doing business at the inaugural DelhiBuild



Business review

Finance Director's statement

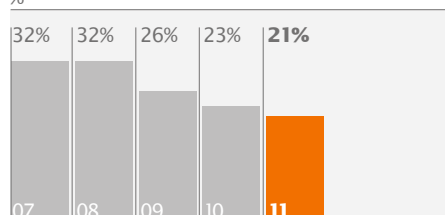
Record results delivered from
a strong balance sheet

Neil Jones, Finance Director



The group continues to focus on tax efficiency

Effective tax rate
%



Revenue and gross profit

Revenue for the year was £155.5 million (2010: £113.5 million) and gross profits for the year were £74.9 million (2010: £55.3 million).

Administrative expenses across the Group increased to £35.1 million from £25.8 million in the previous year. Administrative expenses include significant non-cash items, including an amortisation charge of £10.7 million on acquired intangibles (2010: £5.8 million) reflecting the impact of acquisitions made during the year together with a full-year's charge for acquisitions made during 2010, a charge for share-based payments of £1.7 million (2010: £1.4 million), foreign exchange losses of £0.2 million (2010: loss of £0.1 million) arising on the translation of foreign currency denominated assets held by overseas Group companies and an impairment charge of £0.1 million against a small event in Turkey.

Excluding these non-cash items administrative expenses increased by £3.9 million to £22.4 million (2010: £18.5 million), with £1.4 million being overheads relating to acquisitions made during the year, and £0.3 million being an increase in transaction costs relating to completed and pending acquisitions, which totalled £1.2 million in 2011 (2010: £0.9 million). Overall, Group administrative expenses excluding non-cash items and transaction related costs represented 14% of revenue (2010: 16%).

Operating profit was £40.0 million against a prior year profit of £29.9 million, resulting in net operating margins of 26% (2010: 26%) for the year. The result in both years is impacted by the significant increase in amortisation and impairment charges. After adjusting for amortization on acquired intangibles and impairment operating profit for this year is £50.8 million (2010: £35.8 million), yielding an operating margin of 33% (2010: 32%)

Headline pre-tax profit this year was £51.4 million (2010: £36.6 million).

Other operating income £0.3 million
(2010: £0.3 million)

Other operating income represents rental income earned from subletting surplus office space, principally at ITE's London office.

Investment revenue £0.6 million
(2010: £1.1 million)

Investment revenue came primarily from interest on bank deposits which increased to £0.4 million this year (2010: £0.3 million). Gains on derivative financial instruments were £14,000 during the year compared to £0.2 million in 2010.

Finance costs £1.5 million
(2010: £0.6 million)

Finance costs of £1.5 million (2010: £0.6 million) represent the interest cost of the Group's borrowings in Euro and US Dollar (£0.7 million), bank charges (£0.3 million) and the additional cost of the exercise of the first part of the Ekin Fuar put option (£0.3 million). This additional cost results from a better than anticipated performance of Ekin Fuar in comparison to the Group's expectations at the time of acquisition.

The Group enters into currency borrowing arrangements as part of its currency hedging activity and at 30 September 2011 the Group had currency borrowings in the form of overdrafts of €13.3 million, and US\$3.7 million, equivalent to a total of £13.9 million (2010: £10.2 million). In addition the Group had term loans drawn in Euros totalling £14.5 million which were used to finance the acquisition of MVK in December 2011.

Tax charge

The tax charge of £8.3 million represents 21% of profit before tax (2010: 23%). The Group continues to focus on tax efficiency across the Group, with the reduction in the tax rate this year resulting from further effects of the lowering of underlying corporation tax rates within the main operating economies, a reduction in the tax charged on the repatriation of overseas profits and the release of provisions as a result of agreeing prior year tax positions in the UK. The lower levels of underlying corporation tax, if sustained, will continue to benefit the Group's tax rate in the future.

Earnings per share

Basic earnings per share increased by 28% to 12.8p (2010: 10.0p). Diluted earnings per share increased to 12.6p (2010: 9.8p).

The Group achieved headline diluted earnings per share of 16.6p (2010: 11.6p). Headline diluted earnings per share are based upon profit for the financial year attributable to equity holders of the parent, before amortisation and impairment of acquired intangible assets and goodwill, any profits or losses on disposal of Group undertakings, revaluation of financial liabilities in relation to put options over non-controlling interests and transaction costs relating to completed and pending acquisitions and disposals.

Dividends

The Group has recommended a final dividend of 4.2p per share for 2011, to bring the total dividend for the year to 6.1p per share (2010: 5.7p).

Business review

Finance Director's statement

continued

Return to shareholders

ITE is committed to maximising shareholder value through a long-term progressive dividend policy, set against a principle of maintaining at least two times cover across the biennial cycle, together with the re-investment of profits into expanding the business. Since 2007 the company has increased the dividend by 36% from 4.5p per share to a record level of 6.1p per share in 2011.

Cash flow

Cash generated from operations in the year was £65.1 million, representing 127% of headline profits (2010: £49.7 million, 136%). The principal applications of cash were £46.5 million applied to acquisitions (net of cash acquired) (2010: £15.6 million), £6.9 million applied to new venue loans and advances (2010: £9.2 million); £11.6 million was paid in tax (2010: £7.4 million); and £14.1 million was distributed as dividends (2010: £13.3 million). The net decrease in cash balances over the year was £17.5 million, with the Group holding £5.5 million in net cash at 30 September 2011 (2010: £23.0 million).

Acquisitions

On 17 December 2010, ITE acquired 100% of the issued share capital of International Exhibition Company CJSC (MVK) for £27.4 million in cash. During the financial year this group of Moscow based exhibitions contributed revenue of £9.2 million and £3.7 million profit before interest charges to the Group's headline results. On 3 March 2011, ITE acquired 100% of the issued share capital of Krasnodar Expo ('Krasnodar') for £8.8 million of which £4.6 million was satisfied in cash, the vendor retained assets valued at £2.0 million and a further contingent consideration payment of £2.1 million. Total contingent consideration of £2.1 million is paid in two tranches, £0.9 million in June 2011 and a further £1.2 million is expected to be paid in December 2011. During the financial year this group of exhibitions contributed revenue £4.3 million and £1.2 million profit before interest charges to the Group's headline results.

Balance Sheet

The Group's consolidated balance sheet at 30 September 2011 is summarised in the table below:

	Assets £m	Liabilities £m	Net assets £m
Goodwill and intangibles	129.6	0.0	129.6
Property, plant and equipment	2.1	0.0	2.1
Venue advances	10.1	0.0	10.1
Cash	34.0	(13.9)	20.1
Current assets and liabilities excluding cash	46.7	(89.1)	(42.4)
Provisions – non-current	0.0	(0.9)	(0.9)
Deferred tax	2.1	(13.1)	(11.0)
Bank Loan	0.0	(14.5)	(14.5)
Other non-current assets and liabilities	0.5	(12.7)	(12.2)
Total as at 30 September 2011	225.1	(144.2)	80.9
Total as at 30 September 2010	162.4	(89.8)	72.6

On 12 July 2011, ITE acquired 60% of the issued share capital of YEMF Fuar (YAPI) for £15.5 million, £12.5 million was satisfied in cash and £3.1 million is to be paid in contingent consideration based upon the results of the business for the year ended 31 December 2011. During the financial year this group of Turkish based construction exhibitions contributed revenues of £0.6 million and £0.1 million profit before interest charges to the Group's results. During the year the Group paid £1.6 million in deferred and contingent consideration in relation to acquisitions made in prior years.

As at 30 September 2011 the Group had a contingent consideration liability of £4.1 million, the majority of which it expects to pay during 2012.

Net assets increased by £8.3 million to £80.9 million. The main changes are in goodwill and intangibles (an increase of £50.1 million) and trade receivables (an increase of £5.7 million) offset by deferred income (an increase of £12.7 million) and a bank loan of £14.5 million.

Investment and capital expenditure

The Group's capital expenditure on plant and equipment for the year was £1.3 million (2010: £1.1 million) and included exhibition equipment, office fixtures and fittings and computer equipment and associated software.

Venue arrangements

The Group has long-term arrangements with its principal venues in its main markets setting out ITE's rights over future venue use and pricing.

Expocentr is ITE's principal venue in Moscow and hosts seven of its largest exhibitions including MosBuild, Moscow International Oil & Gas exhibition, Moscow International Travel & Tourism, World Food Moscow, TransRussia, Moscow International Protection & Security Exhibition. ITE has an agreement with Expocentr which secures the Group's rights to conduct its exhibitions at the venue on agreed rates until 2013.

VVC is located in Central Moscow and hosts a number of events acquired with the MVK portfolio purchased December 2010, including Euroexpomebel and Interkomplekt. ITE has an agreement with VVC, providing rights to hold its exhibitions at the venue on agreed rates to 2012.

Lenexpo is located in St Petersburg and hosts the recently acquired Interstroyexpo and Baltic Building Week events. ITE has an agreement with Lenexpo, providing rights to hold its exhibitions at the venue on agreed rates to 2012.

Strong operational cashflow has helped finance three significant acquisitions during the year

Atakent Exhibition Centre is the largest venue in Almaty, Kazakhstan and hosts the Kazakhstan International Oil & Gas events and KazBuild exhibitions. ITE's agreement with Atakent confirms its rights to hold its exhibitions at the venue on agreed rates until 2017.

CNR is the principal venue in Istanbul, located close to the City's international airport, and holds all but one of the Group's Turkish exhibitions. ITE has an agreement with CNR which secures its rights to conduct its exhibitions at the venue on agreed rates until 2014.

The International Exhibition Centre ('IEC') is the principal venue in Kyiv and hosts all of the Group's Ukrainian events, including Aquatherm exhibition. ITE has an agreement with IEC which

secures its rights to conduct its exhibitions at the venue until 2014.

The Group funds the development of venues and facilities where improvements will enhance the prospects and profitability of its business. The funding can take the form of a prepayment of future venue fees ('advance payment'), or a loan which can be repaid by cash or by offset against future venue fees ('venue loan'). Generally the funding brings rights over future venue use and advantageous pricing arrangements through long-term agreements. Venue loans and advance payments are included in the Balance Sheet under non-current and current assets.

At 30 September 2011, the Group's Sterling value of the outstanding balances of advance payments and venue loans was £10.1 million (2010: £10.5 million) as follows:

	30 September 2010 £m	New £m	Repayments £m	Forex £m	30 September 2010 £m
Kyiv	0.9	1.1	(0.1)	(0.1)	1.8
Almaty	0.7	3.6	(2.3)	(0.2)	1.8
St Petersburg	0.4	0.0	(0.1)	0.0	0.3
Uzbekistan	0.3	0.0	(0.1)	0.0	0.2
Azerbaijan	0.0	0.8	(0.2)	0.0	0.6
Crocus (Moscow)	1.2	(0.4)	(0.5)	0.0	0.3
CNR (Istanbul)	7.0	1.6	(3.1)	(0.4)	5.1
Total	10.5	6.7	(6.4)	(0.7)	10.1

Capital

During the year the Company issued 256,547 ordinary shares of 1p in the year. All of the total new issues were pursuant to the exercise of options and yielded aggregate consideration of £38,478. During the year the Company made no additional purchases of shares for the Employees Share Option Trust ('ESOT'). As at 30 September 2011 ESOT held 8,102,687 (3.3%) of the Company's issued share capital (2010: 9,978,386; 4.0%)

Treasury

During the year, the Group experienced a net foreign exchange loss of £0.2 million (2010: loss of £0.1 million). The exchange rate for the Euro at 30 September 2011 was €1.15:£1 (30 September 2010: €1.16:£1); the exchange rate for the US Dollar at 30 September 2011 was \$1.56:£1 (30 September 2010: \$1.58:£1).

During the year, 61% of the Group's sales were priced in Euros, 19% in Rubles, 8% in GBP, 4% in US Dollars, the balance being in various local currencies. Overall 74% of the Group's cash receipts for the period were collected in 'hard' currency (Sterling, Dollars or Euros) and 26% was collected in various local currencies, the majority being Rubles.

The Group uses derivative instruments and currency borrowings to protect itself against the effect of currency fluctuations on a proportion of its sales and its balance sheet. The Group's policy on derivative instruments is that:

- > it will hedge no more than 75% of the value of anticipated hard currency collated sales; and
- > it will only enter into derivative transactions up to 36 months ahead.

At 30 September 2011, the Group had entered into forward contracts to sell Euros for Sterling between October 2011 and August 2014. The value of the contracts is €94.65 million at an average rate of €1.17:£1. These instruments are designated as hedging instruments.

During the year the Group entered into currency borrowing arrangements to minimise its exposure to foreign exchange risk on trade receivables. At 30 September 2011 the Group had borrowings of €13.3 million, and US\$3.7 million, through an overdraft facility and €11 million and £4.9 million through a term facility. The Group finances its operations through cash holdings and banking facilities. The objective of the Group is to maximise investment income and minimise interest costs, bearing in mind its liquidity requirements.

Business review

Finance Director's statement

continued

For short-term debt, such as overdraft facilities or debt with a term of less than 12 months, fixed or floating rates of interest are used. For debt with a term of greater than 12 months, when the borrowing is not covered by existing cash holdings, it is policy that at least 50% must have fixed rates of interest so as to minimise the Group's exposure to interest rate movements. It is Group policy that its cash balances are not invested in instruments that would put the capital value at risk. All invested funds have a determinable rate of interest.

During the year the Group entered into a 24 month multi-currency facility agreement with Barclays Bank, allowing it to borrow up to £15 million. The facility expires in November 2012.

Liquidity risk

The Group policy is to ensure continuity of funding for operational needs through cash deposits and debt facilities as appropriate. The key requirement for the business is to maintain flexibility to allow the Group to take advantage of opportunities that could arise over the short-term. The needs of the business are determined on a rolling cash flow forecast basis, covering weekly, monthly and twelve monthly requirements. Short-term flexibility is maintained by holding cash in current accounts and high liquidity money market funds. The Group has overdraft facilities in place both to permit currency borrowing as part of its foreign exchange management and to allow flexibility in where it holds its cash balances.

Recent events in the world financial markets have highlighted the risks associated with holding deposits in foreign domiciled banks. The territories in which ITE operates do not all have internationally recognised banks and the Group has relationships with a number of domestic banks. The Group seeks to use the territories' leading banks and to minimise the level of cash held in such banks. Of the Group's total cash balance of £34.0 million as at 30 September 2011, 61% was held in institutions with a rating of grade A or above and 34% in B to BBB+.

Going concern

The Group and Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the CEO's Review and Divisional Trading Summary. The financial position of the Group and Company, its significant cash balance, its cash flow, liquidity position and absence of long-term borrowings are described in the finance review on pages 32 to 37. In addition, in the general information section and note 20 of the notes to the financial statements the Group and Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk are referred to.

After making enquiries, reviewing the Group and Company's forecasts and projections and taking account of reasonably possible changes in trading performance, the Directors have a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the Annual Report and Financial Statements.

A progressive dividend policy has delivered a 36% increase in the dividend over the last five years

Risks and uncertainties

The Group identifies and monitors the key risks and uncertainties affecting the Group and runs the business in a way that minimises the impact of such risks where possible.

Operational risks	Potential impact	Mitigation
Political uncertainty and regulatory risk	The Group's business is principally carried out in Russia and the CIS. Changes in law or the regulatory environment could have an effect on some or all of the exhibitions of the Group.	ITE has reduced the risk by establishing its business as independent Russian and CIS companies fully contributing to the local economy, and the diversity of businesses across sectors and geography provides protection for the longer-term prospects of the Group.
Economic instability reduces demand for exhibition space	Reduced demand for exhibition space would reduce the profits of exhibitions.	ITE operates across a wide range of sectors and countries to minimise the exposure to any single market. ITE, through its relationships with venues and staff has a relatively flexible cost structure, allowing it to manage its event margins in the short and medium-term. This was clearly evidenced during the Company's performance during the recent recession.
Commercial relationships	The Group has key commercial relationships with venues which secure the Group's rights to run its exhibitions in the future.	These key relationships are regularly reviewed and the Group seeks to maintain its exhibition rights for at least three years forward for significant exhibitions where possible.
Venue availability	Damage to or unavailability of a particular venue could impact the Group's short-term trading position.	The Group carries business interruption insurance policies which protect profits on its largest 23 events against such an event in the short-term. In the longer-term the Group seeks to maintain good relationships with its principal venues to ensure the continuance of availability.
Competitor risk	Competition has existed in ITE's markets for some years. ITE faces competitive pressures on a market-by-market basis.	In all of its overseas markets, ITE has a strong position as an international organiser, achieved through effective use of its international sales network and its established brands for major events. A single exhibition or sector in a market could have its prospects curtailed by a strong competitor launch; however, the breadth of ITE's portfolio of events, with its geographic and sector diversity, reduce the risk of a competitive threat to the Group's overall business.
People	ITE's employees have long-standing relationships with customers and a unique knowledge of the exhibitions business. Loss of key staff could impact the short-term prospects of a specific event or sector.	ITE has sought to build loyalty in its staff by ensuring remuneration is competitive and through a wide distribution of the Group's long-term incentive plans. ITE has a good record of retaining its key staff through both growth and recessionary times.
Financial risk – foreign currency risk	The Group is exposed to movements in foreign exchange rates against Sterling for both trading transactions and for the translation of overseas operations. The principal exposure is to the Euro, which forms the basis of invoicing and to the Ruble which forms the base books of the Group's Russian operations.	The Group seeks to minimise exposure by: > Protecting a certain amount of Euro denominated sales with forward contracts. > Utilising currency overdraft and term loan facilities to hedge foreign currency balance sheet assets.

Business review

Corporate social responsibility

The Board of ITE believes that corporate and social responsibility is an important part of the Group's culture

Overview

The Board of ITE believes that corporate and social responsibility is an important part of the Group's culture and that the adoption of good practice will have a positive impact on profits and increase the long-term value for shareholders. Due consideration is given to risks arising from social, environmental and ethical issues as part of an ongoing risk review process.

Social interaction

The Board of the Company is aware of both the benefits to its business of engaging with its various constituencies in a socially-responsible manner and the risks of failing to do so. As an operator of internationally-focused businesses in emerging markets, the Company ensures that it is culturally sensitive in its dealings with the local community and that its employment and development policies are non-discriminatory and encourage the employment of local nationals at all levels in the Company.

The Company actively supports its employees in their support of local community projects. Charitable donations across the group totalled over £32,000 (2010: £35,000).

In Moscow, ITE's subsidiary contributed funding to the continuing restoration of St Nicolas' Cathedral in central Moscow. In Kazakhstan the Group contributed funding to various local charities that support a number of good causes including educational scholarships.

In St Petersburg the local office supports a number of initiatives involving children's charities. During 2011 this has included providing direct financial funding as well as providing volunteers to assist on specific projects and workshops.

The Group is looking to increase further the number of its offices which take part in charitable activities.

Employees

Employees are selected and promoted on the basis of merit and ability, regardless of age, gender, race, religion, sexual orientation or disability. The Group has a policy of encouraging employees, especially those from the locations in emerging markets, to move around the offices of the Group, thus providing development opportunities for all staff. In addition, employees are assisted in their career development through an annual appraisal scheme and sponsored training is provided where there is a benefit to both the individual and the Company. All staff are eligible to receive share options or awards under the Employee's Performance Share Plan as the Board feels that it is important for them to take an active part in the success of the Company and to share in the long-term value they help to create. The Board recognises the need to provide a safe working environment for employees and exhibitors and visitors at the Group's events. Each office is responsible for ensuring that their business operates in compliance with Group policies and the relevant local health and safety legislation. During the year, all employees in the London office have had a 'refresher' Health and Safety training session. Staff from all regions with lead responsibility for the operation of the Group's exhibitions on-site also attended an updated training course.

Ethics

Integrity is core to the Group's values which it actively promotes in its dealings with employees, shareholders, customers and suppliers and with the authorities of the countries in which it operates, and recognises that reputation is a valuable and fragile asset gained over a substantial period. The leadership position of the Group's exhibitions and the long-term growth of its core shows is a testament to the success of its practices.



International children's day at orphanage #12 in St Petersburg



Children from orphanage #40 in St Petersburg

The Group promotes high ethical standards in carrying out its business activities and has clear guidelines for dealing with gifts, hospitality, corruption, fraud and the use of inside information. All ITE staff are required to comply with the laws and regulations of the country in which they operate.

The Group is a member of UFI (the Worldwide Exhibition Organisers Association) and through this, the attendance figures at our key exhibitions are audited by independent services. This helps to provide assurance to our exhibitors and visitors as to the standard of our exhibitions.

The Group aims to provide high quality of service at all its events in all locations. The Group operates to a strict minimum quality level to ensure events are provided to exhibitors and visitors at international standards, irrespective of where they are held.

The Group ensures that all advertising and public communications avoid untruths or overstatements.

ITE builds a relationship with suppliers based on mutual trust and undertakes to pay suppliers on time and in accordance with agreed terms of business. All information regarding the relationship between the Group and a supplier must remain confidential.

Environment

As a media services company, the Group acknowledges that its business has an impact on the environment, albeit relatively minor, and ITE recognises the importance of following good environmental practice. The Company is aware that this is an area of increasing concern to employees, shareholders and customers alike. The Company does not manufacture or sell any tangible products and has identified the principal areas of environmental impact as energy use, waste recycling, paper and printing and travel.

The London and Huddersfield offices continued to engage the services of 'Carbon Smart'. During 2011, 'Carbon Smart' re-assessed these offices' Carbon Footprint. Their carbon footprint was found to have been significantly reduced to 312 tonnes CO₂e (2010: 427 tonnes) which equated to 2.3 tonnes of CO₂e per employee per year (2010: 3.3 tonnes). This compares favourably to the average UK employee (4 tonnes of CO₂e emissions per year), however, it is recognised that improvements can be made. The London and Huddersfield offices have set themselves a target to reduce their carbon footprint by a further 5% over the next twelve months.

As a result of the improvements made during 2011, the UK operation of the Group has been awarded the Carbon Smart Silver Award, following the award of the Blue Award in 2010.



By identifying environmental improvements, we expect to see increased efficiencies and with that reduced costs and the management of environmental issues is part of our business strategy to create long-term value for shareholders. The Group already undertakes a number of initiatives aimed at reducing its carbon footprint:

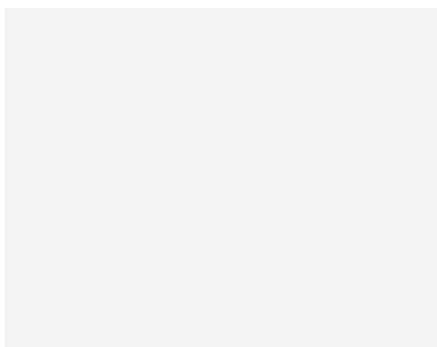
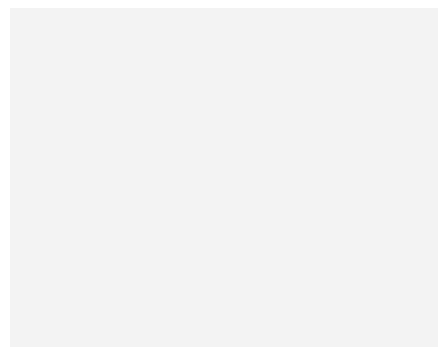
- > The Group encourages the recycling of waste paper and other office waste and plans to increase the recycling rates and materials recycled throughout the Group. The Group continues to expand on the 'paid for' waste recycling initiative by introducing more waste recycling facilities to allow recycling of a wider range of materials.

- > The Group has installed video-conferencing facilities at its London, Huddersfield, Moscow, St Petersburg, Kiev, Istanbul, Almaty and Hamburg offices to reduce staff travel requirements.
- > Computers and IT equipment are recycled where possible and redundant equipment is either sold to staff or given to charitable organisations.
- > The Group has been reducing its printed materials over the last few years, with a greater reliance on electronic media for its marketing materials. However, catalogues and delegate packs are still printed and the Group is implementing a set of operating standards to be followed by suppliers aimed at controlling paper sourcing and use of materials.
- > The Group encourages staff to use public transport through offering season ticket loans for London staff.
- > The Group is taking advantage of recent e-communications legislation for communicating with shareholders and so will be able to reduce the volume of printed materials produced with the publication of our Annual Report and Interim Statement.

The Group's activities in staging exhibitions and conferences do impact on the environment. The environment is impacted through the utilisation of natural resources for assembling exhibition stands, and travel to both exhibitions and conferences for exhibitors, delegates and ITE staff. Presently, practice in controlling waste at different exhibition centres varies widely through the different regions in which the Group operates. The Group follows current best practice in each of its markets by observing industry and country legislation.

Governance

Board of Directors



1. Iain Paterson (64)**Non-executive Chairman*****Remuneration & Nomination Committees***

Iain Paterson was appointed a Director and Non-executive Chairman of the Company in May 2002. He has 41 years of international management experience at a senior level, most particularly in the oil industry. He was a Board Member and International Director of Enterprise Oil plc. Previously he spent 14 years at British Petroleum plc. He is currently a Non-executive Director of Mol Nyrte (the Hungarian energy company), Enteq Upstream plc and Chairman of AnTech Limited. He is a member of the Advisory Committee for Oman Oil Company (Exploration and Production).

2 Russell Taylor (53)**Chief Executive Officer**

Russell Taylor was appointed Chief Executive in May 2008 having joined ITE in March 2003 as Finance Director. Russell's earlier career included roles as Finance Director of Air Miles International Group, and previously as Finance Director/Halls and then Managing Director at Earls Court Olympia Group. He is a qualified Chartered Accountant, having trained at Touche Ross & Co, where he became a Manager in the Corporate Finance Department. He holds a BA in Economics.

3 Neil Jones (45)**Finance Director**

Neil Jones was appointed as Finance Director in November 2008. He has held senior financial positions within the exhibitions industry for over ten years. He was formerly Finance Director at Tarsus Group plc, which specialises in the organisation of trade exhibitions in Europe, America, UAE and Asia. Prior to that, he was European Finance Director for Advanstar Communications, one of the largest US media groups. Neil is a member of the Institute of Chartered Accountants of England and Wales, qualifying with Price Waterhouse in 1990.

4 Linda Jensen (47)**Non-executive Director**

Linda Jensen was appointed a Non-executive Director of the Company on 7 July 2011. She is CEO of HBO Central Europe, a position she has held since February 2005, and is responsible for all business operations of the HBO channels in the Central European region, currently covering 13 markets. From 2000 to early 2005, she was the President of MTV Russia, based in Moscow. Prior to MTV Russia, she gained valuable experience in the central European region as the Director of Development at Central European Media Enterprises ('CME'). Fluent in Russian, she holds a Masters degree in Political Science from Columbia University.

5 Michael Hartley (62)**Non-executive Director*****Audit, Remuneration & Nomination Committees***

Michael Hartley was appointed a Non-executive Director of the Company on 21 October 2003 and is currently Chairman of the Audit Committee and Senior Independent Director. He brings extensive international management experience to the Board, having spent 16 years with Coats Viyella plc, for the last three years as Chief Executive of the Viyella division. He has worked extensively in Asia, Australasia and Africa. Mr Hartley was until recently Chairman of Dawson International plc and is currently Chairman of privately owned recruitment business Hartley Resourcing Limited. He holds an MBA from Manchester Business School.

6 Edward Strachan (47)**Executive Director**

Edward Strachan joined ITE in 1993 when he launched ITE's local business in Kazakhstan. Since then he has opened and managed ITE's operations in St Petersburg, Turkey, Kazakhstan, Uzbekistan and Azerbaijan and currently lives abroad in the CIS. He became a main Board Director in July 2003 and brings to the Board his extensive experience of the exhibition industry in Russia and the CIS regions.

7 Neil England (57)**Non-executive Director*****Audit, Remuneration & Nomination Committees***

Neil England was appointed a Non-executive Director of the Company in March 2008 and is currently Chairman of the Remuneration Committee. He has a breadth of sales and marketing experience and an extensive knowledge of ITE's key geographic markets. He was formerly Vice President for Mars Incorporated with responsibility for all the CIS countries and he built a market-leading business there. More recently, he was Group Commercial Director on the main board of Gallaher Group Plc. He is currently Non-executive Chairman of the Eastern European Trust Plc, an emerging market trust investing in Eastern Europe; Non-executive Chairman of Silverstone Holdings Limited and is Senior Independent Director of Wincanton Plc. Neil is a Fellow of the Chartered Institute of Marketing.

Governance

Directors' report

The Directors have pleasure in submitting their report and the audited financial statements for the year ended 30 September 2011.

Principal activities and review of business

The principal activities of the Group comprise the organisation of trade exhibitions and conferences. The main subsidiary and associate undertakings which affect the profits or net assets of the Group in the year are listed in note 5 to the financial statements of the Company.

Details of the Group's performance during the year and expected future developments are contained in the Chief Executive's Review on pages 8 to 21 and in the Divisional Trading Summary on pages 22 to 31. Details of the Group's financial risk management policies are contained on page 37.

Results and dividends

The audited accounts for the year ended 30 September 2011 are set out on pages 58 to 66. The Group profit for the year, after taxation and non-controlling interests, was £30.8 million (2010: £24.0 million).

The Directors recommend a final dividend of 4.2p (2010: 4.0p). The total dividend for the year, including the proposed final dividend, is 6.1p (2010: 5.7p).

Capital structure

Details of the Company's issued share capital and movements during the year are shown in note 22 of the Group accounts. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 25. The Trustee of the ITE Group Share Trust is not permitted to vote on any unvested shares held in the trust unless expressly directed to do so by the Company. A dividend waiver is in place in respect of the Trustee's holding.

No person has any special rights of control over the Company's share capital and all shares are fully paid.

The Company's Articles of Association may be amended by a special resolution at a general meeting of the shareholders. No amendments are proposed to be made to the existing Articles at the 2012 AGM. There is a schedule of matters reserved for the Board and terms of reference for Board Committees, copies of which are available on request, and the Corporate Governance Statement can be found on pages 46 to 56.

There are a number of agreements that take effect, alter or terminate upon a change of control of the Company such as commercial contracts, bank facility agreements, property lease arrangements and employees' share plans. None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole. Furthermore, the Directors are not aware of any agreements between the Company and its Directors or employees that provide compensation for loss of office or employment that occurs because of a takeover bid.

Directors

The Directors who served throughout the year are as follows:

Executive Directors

Russell Taylor
Edward Strachan
Neil Jones

Non-executive Directors

Iain Paterson
Michael Hartley
Malcolm Wall (resigned 31 August 2011)
Neil England
Linda Jensen (appointed 7 July 2011)

Their biographical details are set out on pages 40 and 41.

Under the Company's current Articles of Association, one-third of the Directors must retire by rotation each year. However, following the Board's decision last year to adopt the recommendation set out in the UK Corporate Governance Code regarding annual re-election, all the Directors will offer themselves for re-election at the 2012 AGM.

Substantial shareholdings

At 22 November 2011, the Company had been notified under Rule 5 of the Financial Services Authority's Disclosure and Transparency Rules of the following interests in its ordinary shares:

Name of holder	Number of shares	Percentage held %
BlackRock Investment Management (UK) Limited	41,950,979	16.88
Schroder Investment Management Limited	32,000,000	12.87
Scottish Widows	21,649,831	8.71
Standard Life Investments	18,883,054	7.60
Threadneedle Investments	17,374,797	6.99
Old Mutual Asset Managers	15,686,300	6.31
Legal & General Investment Management	12,040,057	4.84
Employee Share Option Trust	8,102,687	3.2

Directors' share interests

The Directors who held office at 30 September 2011 had the following interests in the ordinary shares of the Company:

Name of Director	30 September 2011	30 September 2010
Executive		
Neil Jones	35,868	47,216
Edward Strachan	1,439,029	5,675,233
Russell Taylor	1,441,839	1,441,839
Non-executive		
Neil England	50,000	10,000
Michael Hartley	14,839	26,839
Linda Jensen	–	–
Iain Paterson	148,566	148,566

The Directors, as employees and potential beneficiaries, have an interest in the 8,102,687 shares held by the ITE Group Employee's Share Trust at 30 September 2011. ITE Group Employee Share Trust held 8,102,687 shares at 28 November 2011.

There were no changes in the interests of Directors between 30 September 2011 and 28 November 2011.

Authority to purchase the Company's shares

At the AGM on 27 January 2011, shareholders authorised the Company to make one or more market purchases of up to 24,831,970 of the Company's ordinary shares to be held in treasury at a price between 1p (exclusive of expenses) and 105% of the average middle market price of a share for the five business days immediately preceding the date on which the share is purchased.

No purchases were made during the year and the Directors propose to renew this authority at the 2012 AGM.

Donations

The Group made £32,000 of charitable donations (2010: £35,000) during the year. No political donations were made (2010: nil).

Employees

The Group's human resources strategy is to attract and retain talented, high-calibre employees focused on achieving excellent results. The remuneration policy is designed to achieve this aim.

The Group places great importance in the development of its staff to support the business in meeting its objectives. This is reflected in the training initiatives in place for staff, both internally and externally. The Group keeps employees informed on matters affecting them and on matters affecting the Group's performance through regular newsletters and through meetings, both formal and informal. Employees are able and are encouraged to move around the Group in order to experience the business environment in other offices. The Group actively encourages the participation of employees in activities of offices other than their own. The Group distributes long-term incentives widely to staff in all offices. At 30 September 2011 approximately 56% of staff held long-term incentives in some form. As a result, the Group's employees identify strongly with ITE's overall objectives.

It is the Group's policy to consider fully applications for employment by disabled persons, bearing in mind a number of factors including their suitability and fit for the role, irrespective of any disability. In the event of a member of staff becoming disabled, every effort would be made to ensure their continued employment and progression in the Group. It is Group policy that training, career development and promotion of disabled employees match that of other employees as far as possible.

Supplier payment policy

The Company's policy, which is also applied to the Group, is to agree payment terms with suppliers when entering into each transaction to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. The Company has no trade creditors. Trade creditors of the Group at 30 September 2011 were equivalent to 4.0 days (2010: 4.5 days) purchases, based on the average daily amount invoiced by suppliers during the year.

Governance

Directors' report continued**Annual General Meeting**

The notice convening the AGM to be held at 12 noon on 26 January 2012 is contained in a circular sent to shareholders at the same time as this report.

Pages 40 to 45 inclusive, together with the Corporate Governance Report on pages 46 to 49, the Remuneration Report on pages 50 to 56 and the sections of the Annual Report which comprise the Business Review, all of which are deemed to be incorporated by reference in (and shall be deemed to form part of) this report, consist of a Directors' Report that has been drawn up and presented in accordance with and reliance upon applicable English company law and the liabilities of the Directors in connection with the report shall be subject to the limitations and restrictions provided by such law.

Auditors

Deloitte LLP have expressed their willingness to continue in office. A resolution to reappoint them as the Company's auditors and to authorise the Directors to determine their remuneration will be proposed at the forthcoming AGM.

Directors' statement as to disclosure of information to auditors

Each Director of the Company at the date when this report was approved confirms:

- > so far as each of the Directors is aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the Company's auditors are unaware; and
- > each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given in accordance with Section 396 of the Companies Act 2006.

By Order of the Board



Russell Taylor
Chief Executive Officer
28 November 2011

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the Parent Company financial statements, the Directors are required to:

- > select suitable accounting policies and then apply them consistently;
- > make judgments and accounting estimates that are reasonable and prudent;
- > state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- > prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard requires that Directors:

- > properly select and apply accounting policies;
- > present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- > provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- > make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- > the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- > the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board



Russell Taylor
Chief Executive Officer
28 November 2011



Neil Jones
Finance Director
28 November 2011

Governance

Corporate governance report

UK Corporate Governance Code Compliance

The Company is committed to high standards of corporate governance and supports the principles laid down in the UK Corporate Governance Code issued by the Financial Reporting Council in May 2010 ('the Code'). This statement describes how the principles of the Code are applied and reports on the Company's compliance with the Code's provisions.

The Directors consider that the Company has been in compliance with the provisions of the Code throughout the financial year under review and to the date of this report.

The Company has applied the principles set out in Section 1 of the Code, including both the main principles and the supporting principles, by complying with the Code as reported above. Further explanation of how the main principles have been applied is set out below and in the Directors' remuneration report and Audit Committee report.

The Board

The Board of Directors ('the Board') currently has seven members, comprising the Non-executive Chairman, Chief Executive, Finance Director, an additional Executive Director, and three further independent Non-executive Directors. All of the Directors bring strong judgement to the Board's deliberations. The Board is of sufficient size and diversity that the balance of skills and experience is considered to be appropriate for the requirements of the business. The Non-executive Directors are all independent of management and free from any business or other relationship, including those relationships and circumstances referred to in provision B.1.1 of the Code that could materially interfere with the exercise of independent and objective judgement. The Company considers that the Chairman was independent on appointment. The Non-executive Directors were all appointed for an initial three-year term and, thereafter, subject to satisfactory performance, may serve one or two additional three-year terms, with a thorough review of their continued independence and suitability to continue as Directors if they are to remain on the Board for more than nine years.

The Chairman and Chief Executive

The different roles of the Chairman and Chief Executive are acknowledged. A responsibility statement for each of those roles has been agreed and adopted by the Board.

Senior Independent Non-executive Director

The senior independent Non-executive Director, Michael Hartley, is available to shareholders if they have concerns which are not resolved through the normal channels of Chairman, Chief Executive or Finance Director or for which such contact is inappropriate.

The Directors

The biographical details of the Board members are set out on pages 40 and 41. The Directors have all occupied, or occupy, senior positions in UK and/or non-UK listed companies and have substantial experience in business. The Non-executive Directors do not participate in any of the Group's pension schemes or in any of the Group's bonus, share option or other incentive schemes. At all times there has been a majority of Non-executive independent Directors on the Board, in compliance with Code provision B.1.2. All Directors must stand for election at the first AGM after they are appointed. In November 2010 the Board took the decision to adopt early Code provision B.7.1 regarding annual re-election. At the AGM on 26 January 2012 all the Directors will once again offer themselves for re-election.

Role of the Board

The Board is collectively responsible for the proper management of the Company. The Board normally meets not less than seven times each financial year and has a formal schedule of matters reserved to it for decision making, including responsibility for the overall management and performance of the Group and the approval of its long-term objectives and commercial strategy, approval of annual and interim results, annual budgets, material acquisitions and disposals, material agreements and major capital commitments, approval of treasury policies, and assessment of its going concern position.

Board members receive appropriate documentation in advance of each Board or Committee meeting which normally includes a detailed report on current trading and full papers on matters where the Board will be required to make a decision or give its approval.

There is an established procedure for the preparation and review, at least annually, by the Board of medium-term plans and the annual budget. The business reports monthly on its performance against its agreed budget. The Board receives a monthly update on performance and reviews any significant variances. All major investment decisions are subject to post-completion reviews.

During the year the Chairman met with the Non-executive Directors without the Executive Directors present.

Directors' and Officers' insurance cover, is provided by the Company, in line with normal market practice, for the benefit of Directors in respect of claims arising in the performance of their duties.

Board effectiveness review

The formal annual review of the performance of the Board, its Committees and individual Directors was carried out before the year end. This consisted of an internally run exercise led by the Chairman with the assistance of the company secretary. The appraisal questionnaire used as part of the process was wide-ranging and included questions covering both Board and Committee performance. Individual performance was reviewed by the Chairman who, in turn, was appraised by the Senior Independent Director after consultation with both the other Non-executive Directors and the Executive Directors.

The appraisal confirmed that the Board and its Committees were operating effectively, highlighting, as strengths, a continually improving risk management and control environment, an open relationship between Board members and the CEO, and strong Board dynamics in particular. The insights gathered from the Board review also resulted in a clear action plan for the year ahead which includes further refinement of the Group's strategic priorities and options, and the development of a clear framework around succession planning and support and development of key managers.

Independent professional advice

The Board has approved a procedure for Directors to take independent professional advice at the Company's expense, if necessary. No such advice was sought by any Director during the year. In addition, the Directors have direct access to the advice and services of the company secretary.

Training and development

An induction programme is arranged for newly-appointed Directors which includes presentations on the business, current strategy and shareholder expectations. Guidance is also given on the duties, responsibilities and liabilities of a Director of a listed company and key Board policies and documents. Business familiarisation involves Directors visiting exhibitions in markets in which the Group operates to gain a greater understanding of the Group's activities and to meet senior managers throughout the business. Every Director has access to training as required and is encouraged to continue his or her own development.

Conflicts of interest

The Company's Articles of Association were amended in 2009, in line with the Companies Act 2006, to allow the Board to authorise potential conflicts of interest that may arise and to impose limits or conditions, as appropriate. The Company has established a procedure whereby any decision of the Board to authorise a conflict of interest is only effective if it is agreed without the conflicted Directors voting or without their votes being counted. In making such a decision, as always, the Directors must act in a way they consider in good faith will be most likely to promote the success of the Company.

Board committees

There are a number of standing Committees of the Board to which various matters are delegated. The Committees all have formal terms of reference that have been approved by the Board which are available on the Group's website (www.ite-exhibitions.com). Details are set out below:

The Nomination Committee

The Nomination Committee comprises Neil England, Michael Hartley and Linda Jensen (following her appointment on 7 July 2011) and is chaired by Iain Paterson. Malcolm Wall also served as a member until 31 August 2011. It meets as necessary and is responsible for considering and recommending to the Board persons who are appropriate for appointment as Executive and Non-executive Directors. There is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board which involves the Nomination Committee interviewing suitable candidates proposed by either existing Board members or by an external search company. Careful consideration is given to ensure appointees have enough time available to devote to the role and that the balance of skills, knowledge and experience on the Board is maintained. When dealing with the appointment of a successor to the Chairman, the senior independent Non-executive Director will chair the Committee instead of the Chairman. When the Committee has found a suitable candidate, the Chairman of the Committee will make a proposal to the whole Board and the appointment is the responsibility of the whole Board following recommendation from the Committee.

The Committee met five times during the year and was active in the appointment of a new Non-executive Director. An appointment specification was developed for the role by the Committee following a review of the balance of skills, knowledge and experience on the Board. It included a preference for candidates with experience of doing business in emerging markets. External consultants were instructed to carry out a search and shortlisted candidates were seen by all Board members. As a result, the Committee's recommendation of Linda Jensen's appointment was unanimously passed by the Board with Linda formally joining the Company as a Non-executive Director on 7 July 2011.

Other activities included:

- > Further development of succession planning and talent mapping processes for senior management
- > Considering the responses to the questionnaire used for the annual evaluation of the Board and its Committees, prior to review by the whole Board.

The Remuneration Committee

The Remuneration Committee comprises Neil England, Michael Hartley, Linda Jensen (following her appointment on 7 July 2011) and Iain Paterson. Malcolm Wall served as Committee Chairman until 7 July 2011 when he was succeeded in that role by Neil England. The Committee meets at least three times a year and full details of its activities and of Directors' remuneration are set out in the Directors' Remuneration Report on pages 50 to 56. Those pages detail compliance with the legal requirements with regard to remuneration matters.

The Audit Committee

The Audit Committee comprises Neil England and Linda Jensen (following her appointment on 7 July) and is chaired by Michael Hartley. Malcolm Wall also served as a member until 31 August 2011. The Board is satisfied that Michael Hartley has appropriate financial expertise to fulfil this role.

The role of the Audit Committee is to monitor the financial reporting process, the integrity of the Group's interim and annual financial statements prior to their submission to the Board and the statutory audit of the annual and consolidated accounts. It is also responsible for reviewing the Group's internal financial control and risk management systems, advising the Board on the appointment of external auditors, overseeing the relationship with the external auditors, approving auditor remuneration, reviewing the Group's whistle-blowing procedures, reviewing accounting policies and compliance, and monitoring and reviewing the effectiveness of the Group's internal audit function.

The Committee met four times during the year. On each occasion the Chairman, Chief Executive, Finance Director, and other members of staff, as required, attended by invitation. The external auditors attended all four meetings. Significant areas of work covered by the Audit Committee included:

- > Reviewing the Group's final and interim financial statements;
- > Reviewing results from audits undertaken and progress against the internal audit plan;
- > Identifying, evaluating and managing the key risks faced by the Group; and
- > Reviewing the Group's internal control environment and its effectiveness.

Governance

Corporate governance report continued

The Audit Committee regularly monitors the relationship with the auditors and assesses their performance, cost-effectiveness, objectivity and independence. It agrees the scope of the audit work and discusses the results of the full year audit and interim review each year. The audit partner who signs the report is not permitted to hold office for more than five years under professional rules established to safeguard independence. At each Audit Committee meeting the external auditors were able to meet with the Committee without management being present.

It is a specific responsibility of the Audit Committee to ensure that an appropriate relationship is maintained between the Group and its auditors. The Group has a policy of controlling the provision of non-audit services by the external auditors in order to maintain their independence and ensure that their objectivity and independence are safeguarded. This control is exercised by ensuring non-audit projects, where fees are expected to exceed £50,000, are subject to the prior approval of the Chairman of the Audit Committee. In addition, where a proposed service is outside the normal scope of non-audit services, the engagement must be approved in advance by the Chairman of the Audit Committee. In awarding work for non-audit services, the Group takes into account a range of factors including quality of service, cost effectiveness, and historic knowledge of the business or sector. The Committee has scrutinised the internal procedures of Deloitte LLP and satisfied itself that the independence and objectivity of the auditors are not affected by the non-audit work undertaken.

Internal audit function

The Group engages KPMG to perform internal control audits at its main offices. This work is coordinated by the Head of Internal Controls and Procedures who reports KPMG's findings directly to the Audit Committee. The Audit Committee considers the Group to have an effective independent internal audit function.

Internal control

The Board has overall responsibility for the Group's system of internal control and risk management and for reviewing its effectiveness. In discharging that responsibility, the Board confirms that it has established the procedures necessary to apply the Code, including clear operating procedures, lines of responsibility and delegated authority, which are reviewed regularly.

Business performance is managed closely and the Board has established processes, as part of the normal good management of the business, to monitor:

- > Strategic plan achievement, through a regular review of progress towards strategic objectives;
- > Financial performance, within a comprehensive financial planning and accounting framework, including budgeting and forecasting, financial reporting, analysing variances against plan, exchange rate volatility, and taking appropriate management action;
- > Capital investment and asset management performance, with detailed appraisal, authorisation and post investment reviews; and
- > Principal risks and risk management processes, which accords with the Turnbull guidance, and that the significant risks faced by the Group are being identified, evaluated and appropriately managed, having regard to the balance of risk, cost and opportunity.

Risk management process

There is in place an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which has operated throughout the financial year. These are reviewed by the Board at each meeting and also in detail by the Audit Committee once a year. The risk framework governs the management and control of both financial and non-financial risks. The adoption of this policy throughout the Group enables a consistent approach to the management of risk at both regional and business unit level.

In addition, during the financial year, the Audit Committee received:

- > Reports from the Head of Internal Controls and Procedures on the work carried out under the annual internal audit plan;
- > Risk management reports, including the status of actions to mitigate major risks and the quantification of selected risks; and,
- > Reports from the external Auditors.

Through the monitoring processes set out above, the Board conducted a review of the effectiveness of the system of internal control during the financial year. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. In that context, the review, in the opinion of the Board, did not indicate that the system was ineffective or unsatisfactory and the Board is not aware of any change to this status up to the approval of this report.

Attendance at meetings

The attendance of Directors at Board and Committee meetings during the year was as follows:

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Neil England	7	4	4	5
Michael Hartley	7	4	4	5
Linda Jensen (appointed 7 July 2011)	2	1	1	1
Neil Jones	7			
Iain Paterson	7		3	5
Edward Strachan	7			
Russell Taylor	7			
Malcolm Wall (resigned 31 August 2011)	6	3	3	4
Total number of meetings	7	4	4	5

Shareholder relations

The Company is committed to ongoing engagement with shareholders and has a well established cycle of communication based on the Group's financial reporting calendar. The Chairman, Chief Executive and Finance Director, have dialogue with individual institutional shareholders and general presentations are given to analysts and investors covering the annual and interim results. During the year, a presentation was made to Board members by the Company's brokers to update them on the views of major shareholders about the Company.

The Business Review set out on pages 8 to 39 details the financial performance of the Company as well as setting out the risks it faces and plans for the future. All shareholders will have the opportunity to ask questions at the Company's AGM on 26 January 2012. At the AGM, the Chairman will give a statement on current trading conditions. The Chairmen of the Nomination, Remuneration and Audit Committees will be available to answer questions at the AGM. In addition, the Group's website containing published information and press releases can be found at www.ite-exhibitions.com.

Whistle-blowing arrangements

The Company has an established policy which enables and encourages staff to report in confidence any possible improprieties in either financial reporting or other matters.

Corporate social responsibility

Neil Jones, Finance Director, is the Board sponsor for environmental, social governance, community investment and other corporate social responsibility matters.

ASB guidance on narrative reporting

The Company considers that it is in compliance with the additional guidance on narrative reporting for UK companies published by the Accounting Standards Board in January 2008.

Anti-corruption policy

As part of ITE's commitment to preventing bribery and establishing a culture that does not tolerate corruption wherever and in whatever form it may be encountered, a formal anti-corruption policy was approved by the Board earlier this year prior to the Bribery Act coming into force. A number of steps have been taken to put in place appropriate procedures in line with the guidance provided by the Ministry of Justice in order to ensure compliance with the legislation, the Company's policy and related procedures.

Governance

Report on remuneration

This report has been prepared in accordance with the Companies Act 2006 (the 'Act') and Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, the Listing Rules of the UK Listing Authority and the UK Corporate Governance Code. As required by the Act, a resolution to approve the report will be proposed at the Company's AGM at which the financial statements will be approved.

The Act requires the auditors to report to the Company's members on certain parts of the Directors' remuneration report and to state whether in their opinion those parts of the report have been properly prepared in accordance with the relevant regulations. This report has therefore been divided into separate sections for audited and unaudited information.

Unaudited information

The Remuneration Committee

The members of the Remuneration Committee ('the Committee') are the Group's four Non-executive Directors, Neil England (Chairman), Michael Hartley, Iain Paterson and Linda Jensen (following her appointment on 7 July 2011). Malcolm Wall served as Committee Chairman until 7 July 2011 and stepped down from the Board with effect from 31 August 2011. He was succeeded in that role by Neil England.

The Remuneration Committee is responsible for:

- > Recommending to the Board the remuneration and terms and conditions of employment of the Chairman (who absents himself from discussions regarding his own remuneration), Executive Directors and key members of senior management;
- > Measuring subsequent performance as a prelude to determining the Executive Directors' and key managers' total remuneration on behalf of the whole Board;
- > Determining the structure and quantum of short-term remuneration; and
- > Granting awards under the ITE Group's Performance Share Plans and options under the various ITE Group Share Option Schemes outlined below.

During the year, the Committee consulted with New Bridge Street Consultants, for advice on executive remuneration and the operation of the various ITE Group share schemes. Neither New Bridge Street Consultants, nor any other part of the New Bridge Street Consultants group, provides any other services to the Company.

The terms of reference of the Remuneration Committee are available on the Company's corporate website.

Remuneration policy

The Company's principal remuneration policy aim is to ensure that the compensation offered is appropriate to attract, retain and motivate Executive Directors and staff with the ability and experience to deliver the Company's strategy and grow the business, having regard to the prevailing economic conditions and competition for such people in the markets in which the Company operates.

In formulating its policies the Committee has regard to, and balances the following factors:

- a) the remuneration packages offered to executives in companies competing in the same markets as the Company;
- b) the remuneration practice in the markets in which the executive is principally based;
- c) the need to align the interests of the executive with those of the shareholders;
- d) the performance of the individual executive and of the Company as a whole; and
- e) any amounts payable to executives in respect of services performed for the non-controlling interests of the Company.

The Committee Chairman liaises with the Group's independent remuneration adviser and others to ensure that pay and employment conditions in the Group as a whole are taken into account (in determining salary levels, benefits, pension provision, bonus payments and long-term incentive opportunity) when framing the executive remuneration policy.

In line with the Association of British Insurers' Guidelines on Responsible Investment Disclosure, the Committee will ensure that the incentive structure for Executive Directors and senior management will not raise environmental, social or governance risks by inadvertently motivating irresponsible behaviour. More generally, the Committee will ensure that the overall remuneration policy does not encourage inappropriate operational risk-taking. In addition, the Committee regularly reviews the executive remuneration policy to ensure that it takes due account of market practice, best practice and the specific circumstances of the Company.

The remuneration packages of the executives comprise base salary and benefits, a performance-related bonus and longer-term share-based incentive arrangements. A significant proportion of Executive Directors' remuneration is, therefore, performance related.

Alignment of remuneration policy with corporate strategy

Compensation type	Link to corporate strategy	Summary details
Base salary	Set at competitive levels in the markets in which we operate, in order to attract executives capable of meeting the ITE Key Performance Indicators set out on page 12.	Reviewed annually.
Annual performance bonus	To provide a link between individual performance and contribution to the achievement of headline PBT and strategic objectives. ITE's Key Performance Indicators are set out on page 12.	Maximum potential 100% of base salary pa paid in cash subject to financial and personal criteria.
Long Term Incentive (Performance Share Plan)	Ensures that the Executive Directors interests are aligned with those of shareholders through the delivery of growth in headline EPS.	Potential annual grants of up to 100% of base salary pa subject to aggregate three year headline earnings per share targets.

Policy criteria for various components

Base salary

Base salary levels are reviewed annually by the Committee taking into account each Executive Director's role, experience, performance and the markets in which they perform their duties. The base salaries for Russell Taylor and Neil Jones, and the consultancy remuneration for Edward Strachan are regularly reviewed and are subject to benchmarking exercises against industry and sector comparators.

During the year under review, Russell Taylor's base salary was increased to £400,000 pa from 1 February 2011 and Neil Jones' base salary was increased to £235,000 pa from 1 October 2011. These increases are broadly in line with the average annual increase awarded to UK based employees.

A further one year consultancy agreement was entered into with Kyzyl Tan Eurasian Advisors Limited ('Kyzyl Tan') in respect of Edward Strachan's services, resulting in a new base salary and consultancy fee payable to Kyzyl Tan from 1 April 2011 of £300,000 pa in aggregate. The reduction in consultancy fee relates to a reduction in the scope of services provided by Kyzyl Tan.

Details of the Executive Directors' base salaries for the year commencing 1 October 2011 are also set out under 'Directors' service contracts' on page 52 of this report.

Variable bonus

Russell Taylor, Neil Jones and Edward Strachan together with a number of other members of senior management participate in performance-related annual bonus schemes ('Executive Bonus Plan'), which recognise Company objectives to deliver growth of headline profit before tax.

For the financial year commencing 1 October 2011, Russell Taylor's and Neil Jones' maximum annual bonus potential provided under the Executive Bonus Plan will be 100% and 90% of base salary respectively. The Remuneration Committee considers that the increase in Neil Jones' maximum bonus opportunity to 90% of base salary is justified due to his good performance and growing experience in the role. Edward Strachan's annual bonus opportunity through the Company's consultancy agreement with Kyzyl Tan is on the same basis as the Executive Bonus Plan. As indicated in the previous section, the Company entered into a one year contract with Kyzyl Tan on 1 April 2011. For the financial year commencing 1 October 2011, Edward Strachan's bonus is capped at 100% of the Kyzyl Tan consultancy fee and his remuneration as a Director for the remaining six month period of the contract to 31 March 2012. The maximum bonus potential for Mr Taylor, Mr Strachan and Mr Jones is split between financial targets (80%) and personal targets (20%).

The financial element of the bonus in 2011 was based upon the achievement of headline profit before tax. The target was based on the annual budget approved by the Board, but adjusted to provide an appropriate degree of 'stretch' and an incentive to outperform. A range for headline profit before tax was set of £40 million to £46 million (after excluding profits and costs attributable to the MVK acquisition), to be calculated on a straight-line basis from 0% of potential at £40 million to 100% of potential at £46 million. The actual results calculated on this basis were for headline profits before tax of £48.6 million and the maximum potential bonus for the financial element was earned by the Executive Directors. After taking account of their personal targets Russell Taylor, Edward Strachan and Neil Jones earned 94%, 97% and 97% of their respective potential bonus awards.

From 2011 payments under the Executive Bonus Plan will be subject to claw back in the event of a fraud or material misstatement of results being identified in relation to the year in which the bonus is earned.

Long-term incentives

In recent years the Company has operated performance share plans and share option schemes as its share based arrangements.

Governance

Report on remuneration continued

Performance share plans

The Company has operated the ITE Group plc Employees Performance Share Plan 2004 and the ITE Group plc Key Contractors' Performance Share Plan 2004. Awards can be made to executives and senior management over shares worth up to 100% of base salary each year, and under the latter scheme to key individuals who are not Group employees.

Awards were granted in January 2011 to Executive Directors up to 100% of salary subject to aggregate three year headline earnings per share targets. Further information regarding these targets can be found on page 55. The performance targets were chosen by the Committee to incentivise management to deliver sustained fully diluted headline earnings per share performance over the next three financial years.

In line with past practice, it is proposed that awards for the year commencing 1 October 2011 be made to Executive Directors in January 2012. The targets calculated as above for these awards are for aggregated fully diluted headline earnings per share of 53p (for a 30% award) and 59p (for a 100% award) to be earned over the three financial years ending on 30 September 2014. Between 30% and 100% vesting will be calculated on a straight-line basis. The targets were calculated as follows:

- > Adjusting the fully diluted headline earnings per share figure achieved in the financial year ended 30 September 2011 to remove the biennial effect
- > Applying a compound increase of 7% to establish a 'threshold' target for each of the three years
- > Applying a compound increase of 13% to establish a 'full vesting' target for each of the three years
- > Aggregating the target figures for each year to produce the aggregated fully diluted headline earnings per share targets for threshold vesting (30%) and for maximum vesting (100%).

Shareholding guidelines

Executive Directors are required to retain shares of a value equal to 25% of the after-tax gain made on the vesting of awards under the Plans, until they have built up a shareholding of a value equivalent to at least 100% of annual base salary. Further details of Directors' interests in the ordinary shares of the Company are set out on page 43 of this report.

Share option plans

The Company has operated the ITE Group plc 2009 Discretionary Share Option Scheme. It is not intended that Executive Directors will participate in the 2009 Discretionary Share Option Scheme.

Pensions

The Company offers a stakeholder pension to its employees but currently makes no Company contribution under this scheme.

Since his appointment as Chief Executive Officer in May 2008, the Company makes a contribution equal to 10% of Russell Taylor's base salary to his personal pension scheme.

Directors' service contracts

Executive Directors

Russell Taylor (Chief Executive) and Neil Jones (Finance Director) have UK contracts of employment which reflect market and best practice for senior management serving in the UK and have no fixed term. Notice periods and base salary details for all Directors are outlined in the tables set out below. Other than the contribution to Russell Taylor's pension scheme described above, there are no contributions to pension schemes. The standard terms provide for medical insurance and life insurance but provide for no other benefits in kind such as company cars.

In the event of early termination of an Executive Director's contract, it is the Committee's policy that (subject to the provisions of each contract) the amount of compensation (if any) paid to the Executive Director will be determined by reference to the relevant circumstances that prevail at the time. The Committee's objective will be to avoid rewarding poor performance. Furthermore, the Committee will take account of the Executive Director's duty to mitigate their loss.

Edward Strachan's remuneration as a Director from 1 October 2011 is £37,000. In addition, he is remunerated as a consultant through the Company's agreement with Kyzyl Tan. This contract with Kyzyl Tan is due to expire on 31 March 2012. The base consultancy fee under this agreement for the year commencing 1 October 2011 is £263,000. Kyzyl Tan is entitled to a bonus based upon similar targets and criteria as the Executive Bonus Scheme, which is capped at 100% of Kyzyl Tan's base consultancy fee and Edward Strachan's remuneration as a Director pro rated for the six months to 31 March 2012. Under the Kyzyl Tan contract, Edward Strachan is required to reside in the markets where his management responsibilities are based and Kyzyl Tan is entitled to an annual living away from home allowance of up to \$60,000 for its employee.

A new contract for the period 1 April 2012 to 31 March 2013 has recently been entered into with Kyzyl Tan in respect of Edward Strachan's services for a base annual consultancy fee of £252,000 with an annual bonus potential of 75% of this fee. The reduction in consultancy fees reflects a reduction in the scope of services to be provided from 1 April 2012.

Consistent with market practice, there are no service contracts or other employment arrangements with any of the Executive Directors with fixed terms or notice periods in excess of one year or terms which would expose the Company to compensation payments in excess of one year's total remuneration.

The dates of each contract, the relevant notice period and base salary for 2011–2012 are as follows:

Name	Date of contract	Notice period	Base salary 2011–2012	Review dates
Russell Taylor	25 March 2003	12 months	£400,000	February
Neil Jones	3 November 2008	12 months	£235,000	October
Edward Strachan	30 June 2003	6 months	£37,000	October
Edward Strachan through Kyzyl Tan Eurasian Advisors Ltd	6 July 2011	Fixed term contract expiring 31 March 2012	£263,000	April

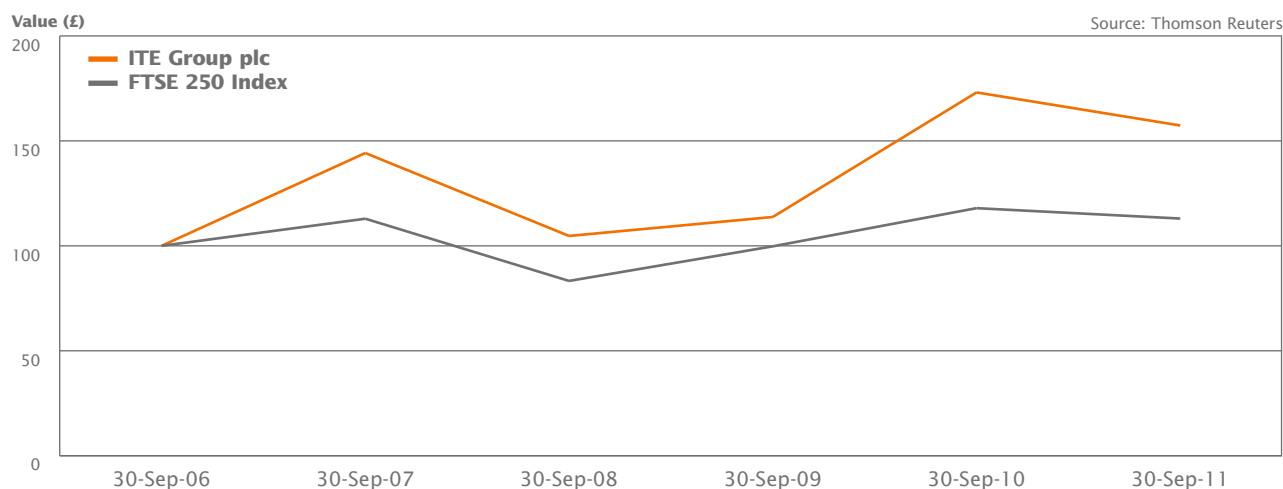
Non-executive Directors

The Chairman and Non-executive Directors are entitled to one month's written notice to terminate their Letters of Appointment but no further rights to compensation payments on termination. The effective dates of their Letters of Appointment are as follows: Iain Paterson, 27 May 2002; Michael Hartley, 20 October 2003; Neil England, 18 March 2008 and Linda Jensen, 7 July 2011.

The Non-executive Directors' fees were subject to an independent benchmarking exercise against relevant comparators, taking account of their time commitment and responsibilities. Accordingly the fees for the year commencing 1 October 2011 for Michael Hartley will be £47,500, for Neil England £45,000 and for Linda Jensen £40,000. Iain Paterson's fee will be £125,000 pa.

Executive Directors may accept outside appointments with the prior approval of the Board and provided only that these appointments do not prejudice the individual's ability to fulfil their duties at the Company. Whether any related fees are retained by the individual or remitted to the Company will be considered on a case-by-case basis.

Performance graph



This graph shows the value, by 30 September 2011, of £100 invested in ITE Group plc on 30 September 2006 compared with the value of £100 invested in the FTSE 250 Index. The other points plotted are the values at intervening financial year-ends.

The Committee believes this to be the most appropriate Index to use for this purpose.

Governance

Report on remuneration continued

Audited information

Aggregate Directors' remuneration

The total amounts for Directors' remuneration and other benefits were as follows:

	2011 £000	2010 £000
Emoluments	2,163	2,157
Gains on exercise of share options (see page 55 for details)	581	473
Total	2,744	2,630

Directors' emoluments

Name of Director	Notes	Fees/basic salary £000	Annual bonuses ¹ £000	Benefits in kind £000	2011 total £000	2010 total £000
Executive						
Russell Taylor	2	393	375	40	808	793
Edward Strachan	3	340	330	40	710	796
Neil Jones		220	170	–	390	328
Non-executive						
Iain Paterson		123	–	–	123	120
Michael Hartley		44	–	–	44	41
Malcolm Wall	4	39	–	–	39	41
Neil England		40	–	–	40	38
Linda Jensen	4	9	–	–	9	–
Aggregate emoluments		1,208	875	80	2,163	2,157

Notes

1. Bonus is based on salary as at 30 September 2011.
2. Contributions to pension schemes are included under 'Benefits in kind'.
3. Edward Strachan earned Director's fees of £37,000 for the year and he is a shareholder of Kyzyl Tan Consultants Limited ('Kyzyl Tan'), which received consultancy fees for services provided to the Group of £303,000 per annum. These amounts are included under 'Fees/basic salary'. Kyzyl Tan earned total performance-related bonuses of £330,000 for the year related to Edward Strachan's annual bonus arrangements for the year. Kyzyl Tan was paid £38,000 in the year to 30 September 2011 for living away from home allowance and £2,000 for private medical insurance in accordance with its consultancy agreement. These amounts are all included in the table above.
4. These Directors served for only part of the year ended 30 September 2011.

Directors' pension

Contributions paid by the Company in respect of Directors' pension:

	2011 £000	2010 £000
Russell Taylor	39	38

Directors' interests in performance share plans

Aggregate emoluments disclosed above do not include any amounts for the value of awards under the Company's Performance Share Plans to acquire ordinary shares in the Company granted to or held by the Directors. Details of these are as follows (and targets are outlined on pages 55 to 56):

Director Scheme	01 Oct 10	Granted during the year	Option price	Exercised during the year	Lapsed during the year	Market price at exercise date	30 Sep 11	Date of grant	Share price on date of grant	Exercisable from	Exercisable to	Gain on exercise £000
Neil Jones												
2004 Employees' Performance Share Plan	203,500		1p	–	–	–	203,500	20/01/2009	£0.70	20/01/2012	19/01/2019	
	47,500 ⁽¹⁾		1p	–	–	–	47,500	15/06/2009	£1.00	31/12/2013	30/12/2019	
	150,000		1p	–	–	–	150,000	11/02/2010	£1.28	11/02/2013	10/02/2020	
		95,000	1p	–	–	–	95,000	11/01/2011	£2.315	11/01/2014	10/01/2021	
Edward Strachan												
2004 Employees' Performance Share Plan	24,749		1p	24,749	–	£2,443	–					60
	25,342	–	1p	–	–	–	25,342	20/01/2009	£0.70	20/01/2012	19/01/2019	
	28,383		1p	–	–	–	28,383	11/02/2010	£1.28	11/02/2013	10/02/2020	
		16,000	1p	–	–	–	16,000	11/01/2011	£2.315	11/01/2014	10/01/2021	
2004 Key Contractors' Performance Share Plan	214,047	–	1p	214,047	–	£2,433	–					521
	224,658	–	1p	–	–	–	224,658	20/01/2009	£0.70	20/01/2012	19/01/2019	
	190,000 ⁽¹⁾	–	1p	–	–	–	190,000	15/06/2009	£1.00	31/12/2013	30/12/2019	
	251,617	–	1p	–	–	–	251,617	11/02/2010	£1.28	11/02/2013	10/02/2020	
		148,000	1p	–	–	–	148,000	11/01/2011	£2.315	11/01/2014	10/01/2021	
Russell Taylor												
2004 Employees' Performance Share Plan	158,027	–	1p	–	–	–	158,027	11/01/2008	£1.495	11/01/2011	10/01/2018	
	77,096	–	1p	–	–	–	77,096	29/07/2008	£1.670	29/07/2011	28/07/2018	
	250,000	–	1p	–	–	–	250,000	20/01/2009	£0.70	20/01/2012	19/01/2019	
	190,000 ⁽¹⁾	–	1p	–	–	–	190,000	15/06/2009	£1.00	31/12/2013	30/12/2019	
	290,000	–	1p	–	–	–	290,000	11/02/2010	£1.28	11/02/2013	10/02/2020	
		164,000	1p	–	–	–	164,000	11/01/2011	£2.315	11/01/2014	10/01/2021	

The two awards granted to Russell Taylor in 2008 have vested in full.

The market price of the ordinary shares at 30 September 2011 was 158.10p and the range during the year was 158.10p to 258.20p.

For the 2004 Employees' and Key Contractors' Performance Share Plans, the performance conditions to be met for the awards are as follows:

Date of grant of awards	Aggregated headline diluted earnings per share* for three financial years ending	Targets	Percentage of awards that vest	Market price on date of grant
20 January 2009	30 September 2011	Below 35p	Nil	70p
Following completion of the financial year ended 30 September 2011, this condition has been met in full.		Between 35p and 40p	30%	
			Between 30% and 100% calculated on a straight-line basis	
11 February 2010	30 September 2012	Below 32p	Nil	128p
		Between 32p and 37p	30%	
			Between 30% and 100% calculated on a straight-line basis	
11 January 2011	30 September 2013	Below 40p	Nil	231.5p
		Between 40p and 45p	30%	
			Between 30% and 100% calculated on a straight-line basis	
Financial year commencing 1/10/11	30 September 2014	Below 53p	Nil	No awards have yet been made
		Between 53p and 59p	30%	
			Between 30% and 100% calculated on a straight line basis	

* Headline diluted earnings per share is calculated using profit before amortisation of acquired intangibles, impairment of goodwill, profits or losses on disposal of Group undertakings, revaluation of financial liabilities in relation to put options over non-controlling interests, settlement of contingent consideration and direct costs relating to completed acquisitions and disposals.

Governance

Report on remuneration continued

(1) For the long-term PSP awards granted in June/August 2009 that are exercisable from 31 December 2013 to 30 December 2019, there are two performance targets applying. Half of the award is subject to a performance target based on the Group's absolute earnings per share during the 2012/13 financial year as follows:

EPS for the 2012/2013 financial year	Percentage of one half of award that vests
Below 14p	Nil
14p	25%
Between 14p and 17p	Between 25% and 100% calculated on a straight-line basis.
17p or more	100%

The other half of the award is subject to a performance target comparing the Company's total shareholder return against the FTSE All-Share Media Sector between 1 June 2009 and 31 December 2013. 25% of this portion of the award vests if ITE is at the median, with full vesting for upper quartile performance. Between median and upper quartile, an award vests on a straight-line basis between 25% and 100% based on rankings plus interpolation between intermediate rankings.

The cost of all share awards charged to the profit and loss account for the year ending 30 September 2011 was £1.7 million (2010: £1.4 million). The ITE share incentive plans operate within a standard 10% in ten year dilution limit. This provision takes account of all potentially dilutive awards made by the Company under any of its share incentive plans. This is because (as with other London Stock Exchange companies) the Company does not operate any form of share incentive on an all employee basis and therefore does not have an internal dilution limit of 5% in ten years for discretionary schemes. The Committee continues to be of the view that this approach, which has been previously agreed with shareholders, remains appropriate and that, therefore, it would be inappropriate to introduce a dilution limit that relates to awards under discretionary/executive schemes only. However, the Committee will keep the dilutive impact of the share incentive schemes under regular review to ensure that the interests of shareholders are taken into account.

The maximum number of additional (ie in addition to the existing 13,565,121 in issue) new share issues possible under the ten year dilution limits in the option trust deeds is 11,291,753. Additionally the Employee's Share Trust ('ESOT') can hold up to 5% of the Company's issued share capital against share awards.

On behalf of the Board



Neil England

Chairman of the Remuneration Committee

28 November 2011

Financial statements

Independent Auditor's Report to the Members of ITE Group plc

We have audited the group financial statements of ITE Group plc for the year ended 30 September 2011 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the group financial statements:

- > give a true and fair view of the state of the group's affairs as at 30 September 2011 and of its profit for the year then ended;
- > have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- > have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in the notes to the group financial statements, the group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- > certain disclosures of directors' remuneration specified by law are not made; or
- > we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- > the directors cash-generating statement, contained within the Corporate Governance Section, in relation to going concern; and
- > the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review;
- > certain elements of the report to shareholders by the Board on directors' remuneration.

Other matter

We have reported separately on the parent company financial statements of ITE Group plc for the year ended 30 September 2011 and on the information in the Directors' Remuneration Report that is described as having been audited.

Alexander Butterworth (Senior Statutory Auditor) for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor
London, United Kingdom
28 November 2011

Financial statements

Consolidated Income Statement

For the year ended 30 September 2011

	Notes	2011 £000	2010 £000
Continuing operations			
Revenue	1	155,456	113,547
Cost of sales		(80,595)	(58,211)
Gross profit		74,861	55,336
Other operating income		292	288
Administrative expenses before amortisation		(24,099)	(19,858)
Amortisation of acquired intangibles	4	(10,717)	(5,820)
Impairment loss		(130)	–
Foreign exchange (loss) on operating activities		(208)	(141)
Total administrative expenses		(35,154)	(25,819)
Share of results of associate	15	–	126
Operating profit		39,999	29,931
Gain on disposal of associate	15	–	834
Investment revenue	2	582	1,098
Finance costs	3	(1,487)	(585)
Profit on ordinary activities before taxation	4	39,094	31,278
Tax on profit on ordinary activities	6	(8,292)	(7,313)
Profit for the period		30,802	23,965
Attributable to:			
Equity holders of the parent		30,724	23,873
Non-controlling interests	23	78	92
		30,802	23,965
Earnings per share (p)			
Basic	8	12.8	10.0
Diluted	8	12.6	9.8

The notes on page 67 to 94 form an integral part of the consolidated financial statements.

Financial statements

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2011

	Notes	2011 £000	2010* £000
Profit for the period attributable to shareholders		30,802	23,965
Cash flow hedges:			
Movement in fair value of cash flow hedges		(662)	2,548
Fair value of cash flow hedges released to the income statement		(1,367)	632
Currency translation movement on net investment in subsidiary undertakings		(4,162)	2,150
		24,611	29,295
Tax relating to components of comprehensive income	6	551	(414)
Total comprehensive income for the period		25,162	28,881
Attributable to:			
Owners of the Company		25,084	28,789
Non-controlling interests	23	78	92
		25,162	28,881

* The 2010 Consolidated Statement of Comprehensive Income has been restated to remove the line 'Put option at fair value', which was included in error, the amount has now been taken directly to retained earnings. The 2010 total comprehensive income of £28,881,000 is £2,065,000 higher as a result and there is no change in the net assets of the Group at 30 September 2010.

The notes on page 67 to 94 form an integral part of the consolidated financial statements.

Financial statements

Consolidated Statement of Changes in Equity

For the year ended 30 September 2011

	Share capital £000	Share premium account £000	Merger reserve £000
Balance as at 1 October 2010	2,483	2,698	2,746
Net profit for the year	—	—	—
Currency translation movement on net investment in subsidiary undertakings	—	—	—
Movement in fair value of cash flow hedges	—	—	—
Fair value of cash flow hedges released to the income statement	—	—	—
Tax relating to components of comprehensive income	—	—	—
Total comprehensive income for the period	—	—	—
Put option on acquisitions	—	—	—
Dividends paid	—	—	—
Exercise of share options	3	26	—
Share-based payments	—	—	—
Tax credited to equity	—	—	—
Exercise of put option on acquisition of subsidiary	—	—	—
Balance as at 30 September 2011	2,486	2,724	2,746

The notes on page 67 to 94 form an integral part of the consolidated financial statements.

Capital redemption reserve £000	ESOT reserve £000	Retained earnings £000	Put option reserve £000	Translation reserve £000	Hedge reserve £000	Total £000	Non-controlling interests £000	Total equity £000
457	(9,638)	68,318	(1,351)	4,310	1,435	71,458	1,123	72,581
—	—	30,724	—	—	—	30,724	78	30,802
—	—	—	—	(4,162)	—	(4,162)	—	(4,162)
—	—	—	—	—	(662)	(662)	—	(662)
—	—	—	—	—	(1,367)	(1,367)	—	(1,367)
—	—	551	—	—	—	551	—	551
—	—	31,275	—	(4,162)	(2,029)	25,084	78	25,162
—	—	—	(12,856)	—	—	(12,856)	6,554	(6,302)
—	—	(14,105)	—	—	—	(14,105)	—	(14,105)
—	1,812	(106)	—	—	—	1,735	—	1,735
—	—	1,696	—	—	—	1,696	—	1,696
—	—	132	—	—	—	132	—	132
—	—	(153)	862	—	—	709	(696)	13
457	(7,826)	87,057	(13,345)	148	(594)	73,853	7,059	80,912

Financial statements

Consolidated Statement of Changes in Equity

For the year ended 30 September 2010

	Share capital £000	Share premium account £000	Merger reserve £000
Balance as at 1 October 2009	2,481	2,678	2,746
Net profit for the year	—	—	—
Currency translation movement on net investment in subsidiary undertakings	—	—	—
Increase in fair value of cash flow hedges	—	—	—
Fair value of cash flow hedges released to the income statement	—	—	—
Effective portion of cash flow hedges on matured instruments	—	—	—
Tax relating to components of comprehensive income	—	—	—
Total comprehensive income for the period	—	—	—
Put option on acquisition of subsidiary	—	—	—
Dividends paid	—	—	—
Exercise of share options	2	20	—
Share-based payments	—	—	—
Tax credited to equity	—	—	—
Exercise of put option on acquisition of subsidiary	—	—	—
Balance as at 30 September 2010	2,483	2,698	2,746

* The 2010 Consolidated Statement of Comprehensive Income has been restated to remove the line 'Put option at fair value', which was included in error, the amount has now been taken directly to retained earnings. The 2010 total comprehensive income of £28,881,000 is £2,065,000 higher as a result and there is no change in the net assets of the Group at 30 September 2010.

The notes on page 67 to 94 form an integral part of the consolidated financial statements.

Capital redemption reserve £000	ESOT reserve £000	Retained earnings £000	Put option reserve £000	Translation reserve £000	Hedge reserve £000	Total £000	Non-controlling interests £000	Total equity £000
457	(10,241)	60,519	(4,620)	2,160	(1,745)	54,435	2,272	56,707
—	—	23,873	—	—	—	23,873	92	23,965
—	—	—	—	2,150	—	2,150	—	2,150
—	—	—	—	—	1,079	1,079	—	1,079
—	—	—	—	—	632	632	—	632
—	—	—	—	—	1,469	1,469	—	1,469
—	—	(414)	—	—	—	(414)	—	(414)
—	—	23,459	—	2,150	3,180	28,789	92	28,881
—	—	—	(2,065)	—	—	(2,065)	—	(2,065)
—	—	(13,335)	—	—	—	(13,335)	—	(13,335)
—	603	(273)	—	—	—	352	—	352
—	—	1,369	—	—	—	1,369	—	1,369
—	—	341	—	—	—	341	—	341
—	—	(3,762)	5,334	—	—	1,572	(1,241)	331
457	(9,638)	68,318	(1,351)	4,310	1,435	71,458	1,123	72,581

Financial statements

Consolidated Statement of Financial Position

30 September 2011

	Notes	2011 £000	2010 £000
Non-current assets			
Goodwill	9	70,684	50,584
Other intangible assets	11	58,867	28,829
Investments	12	400	–
Property, plant and equipment	13	2,080	1,741
Interests in associates	15	100	–
Venue advances and other loans	16	4,043	6,178
Derivative financial instruments	20	79	178
Deferred tax asset	21	2,112	1,652
		138,365	89,162
Current assets			
Trade and other receivables	16	51,623	38,488
Tax prepayment	16	923	608
Derivative financial instruments	20	221	951
Cash and cash equivalents	16	33,961	33,163
		86,728	73,210
Total assets		225,093	162,372
Current liabilities			
Bank overdraft	17	(13,948)	(10,183)
Trade and other payables	18	(19,766)	(15,163)
Deferred income	18	(67,867)	(55,211)
Derivative financial instruments	20	(906)	(161)
Provisions	19	(565)	(452)
		(103,052)	(81,170)
Non-current liabilities			
Bank loan	17	(14,483)	–
Provisions	19	(866)	(807)
Deferred tax liabilities	21	(13,067)	(6,089)
Derivative financial instruments	20	(12,713)	(1,725)
		(41,129)	(8,621)
Total liabilities		(144,181)	(89,791)
Net assets		80,912	72,581
Equity			
Share capital	22	2,486	2,483
Share premium account		2,724	2,698
Merger reserve		2,746	2,746
Capital redemption reserve		457	457
ESOT reserve		(7,826)	(9,638)
Retained earnings		87,057	68,318
Translation reserve		148	4,310
Hedge reserve		(594)	1,435
Put option reserve		(13,345)	(1,351)
Equity attributable to equity holders of the parent		73,853	71,458
Non-controlling interests	23	7,059	1,123
Total equity		80,912	72,581

The notes on page 67 to 94 form an integral part of the consolidated financial statements.

The financial statements of ITE Group plc, registered company number 01927339, were approved by the Board of Directors and authorised for issue on 28 November 2011. They were signed on their behalf by:



Russell Taylor
Chief Executive Officer



Neil Jones
Finance Director

Financial statements

Consolidated Cash Flow Statement

For the year ended 30 September 2011

	Notes	2011 £000	2010* £000
Cash flows from operating activities			
Operating profit from continuing operations	1	39,999	29,931
Adjustments for non-cash items:			
Depreciation and amortisation	4	11,647	6,682
Impairment of goodwill	4	130	–
Share-based payments	25	1,696	1,369
Share of associate profit		–	(126)
Increase in provisions		172	446
Disposal of property, plant and equipment		35	–
Foreign exchange loss on operating activities	4	208	141
Barter sales	1	(501)	(300)
Operating cash flows before movements in working capital		53,386	38,143
Increase in receivables		(10,589)	(2,171)
Utilisation of venue loans		7,330	3,681
Increase in deferred income		12,656	10,644
Increase/(decrease) in payables		3,364	(3,112)
Fair value of cash flow hedges released to the income statement		(1,367)	632
Cash received on settlement of forward contracts		546	1,863
Cash generated from operations		65,326	49,680
Tax paid		(11,589)	(7,427)
Venue advances and loans		(6,923)	(9,248)
Net cash from operating activities		46,814	33,005
Investing activities			
Interest received	2	449	342
(Loss)/gain on derivative financial instruments		(18)	214
Dividends received from associates		–	637
Acquisition of businesses – cash paid		(47,565)	(17,498)
Asset retained by vendor on acquisition of Krasnodar Expo	10	(2,010)	–
Cash acquired through acquisitions	10	3,032	1,915
Purchase of property, plant and equipment and computer software		(1,523)	(1,106)
Net cash utilised from investing activities		(47,635)	(15,496)
Financing activities			
Cash paid to acquire non-controlling interests	10	(763)	(3,000)
Dividends paid	7	(14,105)	(13,335)
Interest paid	3	(1,082)	(576)
Proceeds from the issue of share capital	22	3	22
Net cash flows from financing activities		(15,947)	(16,889)

* The Consolidated Cash Flow Statement as at 30 September 2010 has been restated to separate out the following captions; foreign exchange, barter sales, utilisation of venue loans and advances, fair value of cash flow hedges released to the income statement and cash received on settlement of forward contracts for greater clarity.

Financial statements

Consolidated Cash Flow Statement continued

For the year ended 30 September 2011

	2011 £000	2010* £000
Net (decrease)/increase in cash and cash equivalents	(16,768)	620
Net cash and cash equivalents at beginning of period net of overdrafts	22,980	23,107
Effect of foreign exchange rates	(682)	(747)
Net cash and cash equivalents at end of period net of debt	5,530	22,980
Comprising:		
Cash and cash equivalents	33,961	33,163
Bank overdraft	(13,948)	(10,183)
Bank loan	(14,483)	–
	5,530	22,980
Cash generated from the business		
Cash generated from operations	65,326	49,680
Interest received	449	342
Interest paid	(1,082)	(576)
Dividends earned from associates	–	637
	64,693	50,083
Free cash flow from the business		
Cash generated from the business	64,693	50,083
Tax paid	(11,589)	(7,427)
	53,104	42,656

The notes on page 67 to 94 form an integral part of the consolidated financial statements.

* The Consolidated Cash Flow Statement as at 30 September 2010 has been restated to separate out the following captions; foreign exchange, barter sales, utilisation of venue loans and advances, fair value of cash flow hedges released to the income statement and cash received on settlement of forward contracts for greater clarity.

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Notes to the consolidated accounts

For the year ended 30 September 2011

General information

ITE Group plc is a company incorporated in the United Kingdom. The address of the registered office is given on page 103. The nature of the Group's operations and its principal activities are set out in the Business Review on pages 8 to 29 and in note 1.

These financial statements are presented in pounds Sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the accounting policies set out below.

Impact of new accounting standards

New, revised or changes to existing standards which have been adopted by the Group in the year ended 30 September 2011

The following new standards and interpretations have been adopted in the current year but have not impacted the reported results or the financial position:

- > Amendment to IAS 32 'Classification of Rights Issue'
- > Amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards'
- > Amendment to IFRS 2 'Group Cash-settled Share-based Payment Transactions'
- > IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'
- > Improvements to IFRSs – 2010 and 2009

New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the European Union ('EU')):

- > Amendments to IFRS 7, 'Financial Instruments: Disclosure'
- > IFRS 9 'Financial Instruments – Classification and Measurement'
- > IFRS 10 'Consolidated Financial Statements'
- > IFRS 11 'Joint Arrangements'
- > IFRS 11 'Disclosure of Interests in Other Entities'
- > IFRS 13 'Fair Value Measurement'
- > Amendments to IAS 1 'Presentation of financial statements'
- > Amendments to IAS 19 'Employee Benefits'
- > Amendment to IAS 24, 'Related Party Disclosures'
- > Reissue of amended IAS 27 'Consolidated and Separate Financial Statements' as IAS 27 'Separate Financial Statements'
- > Reissue of amended IAS 28 'Investments in Associates' as IAS 28 'Investments in Associates and Joint Ventures'
- > Amendment to IFRIC 14, 'Prepayments on a Minimum Funding Requirement'

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group, except for:

- > IFRS 9 'Financial Instruments' – This will introduce a number of changes in the presentation of financial instruments.
- > The amendment to IAS 1 'Presentation of financial statements' will change the presentation of the statement of comprehensive income.
- > IFRS 10–13 were issued by the IASB on 12 May 2011 and which are effective for annual periods beginning on or after 1 January 2013. These pronouncements have not yet been endorsed for use in the EU. The Group has not completed its assessment of the impact of pronouncements on the consolidated results, financial position or cash flows of the Group.

Basis of accounting

ITE Group plc is a UK listed company and, together with its subsidiary operations, is hereafter referred to as 'the Group'. The Company is required to prepare its consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) adopted by the EU and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. In addition, the Group has complied with IFRSs as issued by the International Accounting Standards Board ('IASB').

The preparation of financial statements under IFRSs requires the Directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, and income and expenses. These estimates and associated assumptions are based on past experience and other factors considered applicable at the time and are used to make judgements about the carrying value of assets and liabilities that cannot be readily determined from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Changes to estimates and assumptions are reflected in the financial statements in the period in which they are made.

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future as disclosed in the Directors' Report on page 45.

The statements are presented in pounds Sterling and have been prepared under IFRSs using the historical cost convention, except for the revaluation of financial instruments. The principal accounting policies adopted are set out below.

Basis of consolidation

The Group accounts consolidate the accounts of ITE Group plc and its subsidiary undertakings controlled by the Company drawn up to 30 September each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Financial statements

Notes to the consolidated accounts continued

For the year ended 30 September 2011

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets is recognised as goodwill. The interest of non-controlling shareholders is stated at the non-controlling interest's proportion of the fair values of assets and liabilities recognised. Subsequently, any losses applicable to the non-controlling interest in excess of the non-controlling interest are allocated against the interests of the parent.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interest in the net assets of consolidated subsidiaries is identified separately from the Group's equity therein. Non-controlling interest consists of the amount of those interests as at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination. Losses applicable to the non-controlling interest in excess of their interest in the subsidiaries equity are allocated against non-controlling interest even if this results in a deficit balance, except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any costs attributable to the business combination are expensed directly to the Income Statement. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IFRS 5 (Non-current assets held for sale and discontinued operations), which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

The interest of minority shareholders in the acquiree is initially measured as the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Goodwill on acquisition of a foreign entity is treated as an asset of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill arising on acquisitions before the date of transition to IFRSs as Sterling denominated assets.

Intangible assets

Computer software is initially measured at purchase cost. Customer relationships, trademarks and licences and visitor databases are measured at fair value. Computer software, customer relationships, trademarks and licences and visitor databases have a definite useful life and are carried at cost or fair value less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful life. The estimated useful lives are typically between three and ten years for customer relationships, for some trademarks up to 20 years and for visitor databases between five and eight years. Computer software is amortised over four years.

Impairment of assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment is recognised immediately as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements	– term of lease
Plant and equipment	– four to ten years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying value amount of the asset and is recognised in income.

Associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Investments in associates are carried in the balance sheet at cost as adjusted by post acquisition changes in the Group's share of net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any deficiency of the cost of acquisition below the Group's share of the fair value of the identifiable net assets of the associate at the date of acquisition (ie discount on acquisition) is credited in profit or loss in the period of acquisition.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case an appropriate provision is made for impairment.

Venue advances

Where the Group has advanced funds to venue owners that can be repaid by either off-setting against future venue hire or by cash repayment. The loan balance is subsequently measured at amortised cost using the 'effective interest rate method'. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Advances that are prepayments of future venue hire and do not permit the repayment of the principal in cash are recognised at cost as prepayments in venue advances and prepayments.

Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are discounted to present value where the effect is material.

Financial statements

Notes to the consolidated accounts continued

For the year ended 30 September 2011

Financial instruments

Classes of financial instruments

The Group aggregates its financial instruments into classes based on their nature and characteristics. The details of financial instruments by class are disclosed in note 20 to the accounts.

Financial assets

The Group classifies its financial assets into the following categories: cash and cash equivalents, loans and receivables and derivative assets at fair value through profit or loss. The classification is determined by management upon initial recognition, and is based on the purpose for which the financial assets were acquired.

Financial assets are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

At each balance sheet date, the Group assesses whether its financial assets are to be impaired. Impairment losses are recognised in the income statement where there is objective evidence of impairment. Financial assets are derecognised (in full or partly) when the Group's rights to cash flows from the respective assets have expired or have been transferred and the Group has neither exposure to the risks inherent in those assets nor entitlement to rewards from them.

Investments

The Group has investments in unlisted shares that are not traded in an active market but that are classified as available for sale financial assets and stated at fair value. Fair value is determined in the manner described in note 20. Gains and losses arising from changes in the fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gain and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available for sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at initial recognition at fair value. Subsequent to initial recognition cash and cash equivalents are stated at fair value with all realised gains or losses recognised in the income statement.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Cash Flow Statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category includes the following classes of financial assets: trade and other receivables and venue advances.

Loans and receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The estimates are based on specific credit circumstances and the Group's historical bad receivables experience. No interest is charged on the loans and receivables, due to either their short-term nature or specific arrangements in place, and hence the effective interest rate method is not applied.

Derivative assets

A derivative is a financial instrument that changes its value in response to changes in underlying variable, requires no or little net initial investment and is settled at a future date. Derivative assets are classified as at fair value through profit or loss. Derivative assets are measured at initial recognition at fair value and are subsequently remeasured to their fair value at each balance date with the resulting gains and losses recognised in the income statement. These derivatives are acquired in full compliance with the Group's risk management policies.

Financial liabilities

The Group classifies its financial liabilities into the following categories: bank borrowings, trade and other payables held at amortised cost and derivative liabilities through profit or loss.

Financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Written put options

Any contract with a single or multiple settlement option that contains an obligation for the Group to purchase equity in a subsidiary for cash gives rise to a financial liability for the present value of the repurchase price. An amount equal to the liability is recorded in equity on initial recognition of a written put option. The liability is subsequently remeasured through the income statement.

Where considered significant, the Group's written put options are discounted to their appropriate value. The unwinding of the discount is charged through the income statement over the period to exercise.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received. Finance charges are accounted for on an accruals basis in the income statement and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Where bank loans and overdrafts are deemed to be integral to the Group's cash management activities, they are presented within net cash and cash equivalents in the cash flow statement. Loan and overdraft interest and associated costs that are considered to be financing in nature are presented as financing activities in the cash flow statement.

Trade and other payables

Trade payables are measured at initial recognition at fair value and are subsequently measured at amortised cost. Trade payables are derecognised in full when the Group is discharged from its obligation, it expires, is cancelled or replaced by a new liability with substantially modified terms. Trade and other payables are short-term and there is no interest charged in connection with these, hence the effective interest method is not applied.

Derivative liabilities

A derivative is a financial instrument that changes its value in response to changes in an underlying variable, requires no or little net initial investment and is settled at a future date.

Derivative liabilities are classified as fair value through profit or loss. Derivative liabilities are measured at initial recognition at fair value and are subsequently remeasured to their fair value at each balance date with the resulting gains and losses recognised in the income statement.

These derivatives are acquired in full compliance with the Group's risk management policies.

Hedge accounting

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. The Group uses derivative financial instruments such as foreign exchange forward contracts to hedge these exposures.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship. The Group designates its derivative financial instruments as cash flow hedges. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than twelve months and it is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with the risk management objectives and strategy for undertaking various hedging transactions. At the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in the fair values of cash flows of the hedged item.

Derivative instruments are initially recognised at fair value at the date a derivative contract is entered into and are subsequently measured to their fair value at each balance sheet date. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity.

The gain or loss relating to any ineffective portion is recognised immediately in the income statement, and is included in 'Finance income/cost' in the income statement. Amounts deferred in equity are recycled in the income statement in the periods when the hedged item is recognised in the income statement, in the same line of the income statement as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the income statement.

The Group's use of financial derivatives is governed by the Group's financial policies. Further details on these policies can be found in the Business Review on pages 32 to 37.

Fair values

The fair value is defined as the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties and is calculated by reference to market rates discounted to current value.

The Group determines the fair value of its financial instruments using market prices for quoted instruments and widely accepted valuation techniques for other instruments.

Valuation techniques include discounted cash flows, standard valuation models based on market parameters, dealer quotes for similar instruments and use of comparable arm's length transactions.

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Notes to the consolidated accounts continued

For the year ended 30 September 2011

Revenue

Revenue represents the fair value of amounts receivable for goods and services provided in the ordinary course of business net of discounts, VAT and other sales-related taxes.

Revenue is recognised on completion of an event. Billings and cash received in advance, and directly attributable costs relating to future events are deferred. The amounts so deferred are included in the balance sheet as deferred event income and prepaid event costs respectively. Losses anticipated at the balance sheet date are provided in full.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Barter transactions

Where barter transactions occur between advertising and exhibition space and the revenue can be measured reliably, revenues and costs are recognised in the income statement.

Operating profit

Operating profit is stated after the share of results of associates and profit or loss on disposal of Group undertakings and before investment income and finance costs.

Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

The current tax is based on the taxable profit for the year using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that does not affect the tax profit or the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or their contractual rate where applicable. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates of exchange prevailing at that date. Non-monetary assets and liabilities are translated at the rate prevailing at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Gains and losses arising on the settlement of monetary items, and on the retranslation of monetary items, are included in income for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains or losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Details of the Group's accounting policies for forward contracts and options are included in the policy on derivative financial instruments.

On consolidation, the results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transaction are used. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expense in the period in which the operation is disposed of.

Under the exemption permitted from IAS 21 (the effects of changes in foreign exchange rates), cumulative translation differences for all foreign operations prior to 1 October 2004 have been treated as zero. Consequently, any gain or loss on disposal will exclude translation differences that arose prior to 1 October 2004.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Employee Share Trust

The financial statements include the assets and liabilities of the Employee Share Trust ('ESOT'). Shares in the Company held by the ESOT have been valued at cost and are held in equity. The costs of administration of the ESOT are written off to profit or loss as incurred.

Where such shares are subsequently sold, any net consideration received is included in equity attributable to the Company's equity holders.

Share-based payments

The Group has applied IFRS 2 (share-based payment). IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

The Group issues equity-settled share-based payments to certain employees. These are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using a Black-Scholes model. The expected life used in the model has been adjusted, for the effects of non-transferability, exercise restrictions and behavioural considerations based on management's best estimate.

Leases

Rentals payable under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, the following judgements and assumptions have been made by management and have the most significant effect on the amounts recognised in the financial statements or have the most risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of cash-generating units to which goodwill or intangible assets have been allocated. The value in use calculation requires an estimation of future cash flows expected from the cash-generating unit to perpetuity and a suitable discount rate in order to calculate present value. The period used in the calculation is based on management's average expectation of the period over which the value will be derived from the cash-generating units. The carrying value of goodwill and intangible assets at 30 September 2011 is £70.7 million and £58.9 million respectively.

Intangible assets

The valuation of intangible assets requires management to estimate the net present value of the additional future cash flows arising from customer relationships, trademarks and licences and visitor databases to determine the value of those intangible assets. This involves estimating the period over which these intangible assets affect future cash flows.

Intangible asset useful economic lives

The life of an intangible asset is estimated by management based on the expected period over which cash flows generated from that asset will arise. The amortisation charge reflected in the financial statements is directly impacted by the estimation of useful lives by Management.

Share-based payments

The Group makes share-based payments to certain employees. These payments are measured at their estimated fair value at the date of grant, calculated using an appropriate option pricing model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of the number of shares that will eventually vest. The key assumptions used in calculating the fair value of the options are the discount rate, the Group's share price volatility, dividend yield, risk free rate of return, and expected option lives. Management regularly performs a true-up of the estimate of the number of shares that are expected to vest; this is dependent on the anticipated number of leavers.

Taxation

Being a multi-national Group with tax affairs in many geographic locations inherently leads to a tax structure which makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Group and is often dependent on the efficiency of legal processes. Such issues can take several years to resolve. The Group takes a considered view of unresolved issues, however the inherent uncertainty regarding these items means that the eventual resolution could differ significantly from the accounting estimates and therefore impact the Group's results and future cash flows.

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For the year ended 30 September 2011

1 Segmental information

IFRS 8 introduces the term Chief Operating Decision Maker ('CODM'). The Senior Management Board comprising the Executive Directors Russell Taylor (Chief Executive Officer), Neil Jones (Financial Director), Edward Strachan (Executive Director), Stephen Keen, Alexander Shtalenkov, Andy Braid, Colette Tebbutt and Suzanne King is considered to be the CODM.

ITE's reportable segments are strategic business units that are based in different geographic locations, predominantly in the developing and emerging markets. Each business unit is managed separately and has a different marketing strategy as determined by the local management. The products and services offered by each business unit are identical across the Group.

ITE Group evaluates performance on the basis of profit or loss from operations before tax expense not including non-recurring gains and losses and foreign exchange gains and losses.

The revenue and profit before taxation are attributable to the Group's one principal activity, the organisation of trade exhibitions, conferences and related activities and can be analysed by geographic segment as follows:

Year ended 30 September 2011	UK and Western Europe £000	Central Asia and Caucasus £000	Russia £000	Eastern and Southern Europe £000	Rest of World £000	Total Group £000
By geographical location of events/activities						
Revenue	8,950	21,853	105,650	17,940	1,063	155,456
Result	(17,975)	7,852	47,320	4,042	(1,240)	39,999
By origin of sale						
Revenue	56,841	10,998	71,594	15,981	42	155,456
Result	12,919	3,562	25,831	(1,324)	(989)	39,999
Operating profit						39,999
Investment revenue						582
Finance costs						(1,487)
Profit before tax						39,094
Tax						(8,292)
Profit after tax						30,802
Capital expenditure	456	117	680	21	–	1,274
Depreciation and amortisation	586	176	6,612	4,002	271	11,647
Balance sheet						
Assets*	66,006	13,061	99,078	41,138	2,774	222,057
Liabilities*	(48,360)	(5,718)	(51,786)	(20,804)	(1,603)	(128,271)
Non-current assets**	20,715	8,022	65,630	35,635	2,129	132,131

* Segment assets and segment liabilities exclude current and deferred tax assets and liabilities.

** Included in non-current assets are all non-current assets other than venue advances and other loans, deferred tax assets and financial instruments.

The revenue in the year of £155.5 million includes £0.5 million (2010: £0.3 million) of barter sales.

1 Segmental information continued

Year ended 30 September 2010	UK and Western Europe £000	Central Asia and Caucasus £000	Russia £000	Eastern and Southern Europe £000	Rest of World £000	Total Group £000
By geographical location of events/activities						
Revenue	8,188	19,622	66,130	15,271	4,336	113,547
Result (excluding share of results of associates)	(13,185)	8,074	30,046	3,978	892	29,805
By origin of sale						
Revenue	48,796	9,179	40,108	13,208	2,256	113,547
Result (excluding share of results of associates)	12,319	2,599	13,768	1,320	(201)	29,805
Share of results of associates						126
Operating profit						29,931
Gain on disposal of associate						834
Investment revenue						1,098
Finance costs						(585)
Profit before tax						31,278
Tax						(7,313)
Profit after tax						23,965
Capital expenditure	438	308	188	92	80	1,106
Depreciation and amortisation	1,251	187	3,172	1,797	275	6,682
Balance sheet						
Assets*	55,611	10,700	57,043	33,314	3,444	160,112
Liabilities*	(41,635)	(4,483)	(25,731)	(6,967)	(901)	(79,717)
Non-current assets	16,521	7,807	33,599	19,871	3,356	81,154

* Segment assets and segment liabilities exclude current and deferred tax assets and liabilities.

** Included in non-current assets are all non-current assets other than venue advances and other loans, deferred tax assets and financial instruments.

2 Investment revenue

	2011 £000	2010 £000
Interest receivable from bank deposits	437	271
Interest receivable from Inland Revenue repayments	12	71
Gain on derivative financial instruments	14	223
Gain on settlement of contingent consideration	119	–
Gain on exercise of Primexpo North West LLC put option	–	533
	582	1,098

3 Finance costs

	2011 £000	2010 £000
Interest on overdrafts	741	208
Bank charges	341	336
Loss on exercise of Ekin Fuar put option	269	–
Loss on settlement of contingent consideration	104	–
Interest payable to Inland Revenue	–	32
Loss on derivative financial instruments	32	9
	1,487	585

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4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2011 £000	2010 £000
Staff costs (note 5)	29,115	22,971
Depreciation of property, plant and equipment (note 13)	633	661
Amortisation of computer software (note 11)	297	201
Amortisation of purchased intangible assets (note 11)	10,717	5,820
Impairment of goodwill	130	–
Operating lease rentals – other (note 24)	3,623	3,036
Loss/(gain) on derivative financial instruments – cash flow hedges (notes 2 and 3)	18	(214)
Loss/(gain) on derivative financial instruments – put options (notes 2 and 3)	269	(533)
Foreign exchange loss on operating activities	208	141

Auditors' remuneration

	2011 £000	2010 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	207	178
Fees payable to the Company's auditor and its associates for other services:		
– The audit of the Company's subsidiaries pursuant to legislation	73	64
– Other services pursuant to legislation (interim review)	34	31
– Other services (due diligence work)	75	4
Tax services	–	79
	389	356

Reconciliation of headline pre-tax profit to profit on ordinary activities before taxation

	2011 £000	2010 £000
Profit on ordinary activities before taxation	39,094	31,278
Amortisation of acquired intangibles	10,717	5,820
Loss on exercise of Ekin Fuar put option	269	–
Gain on settlement of contingent consideration	(119)	–
Loss on settlement of contingent consideration	104	–
Gain on exercise of Primexpo North West LLC put option	–	(533)
Gain on disposal of associate	–	(834)
Transaction costs (completed and pending)	1,180	860
Impairment of goodwill	130	–
Headline pre-tax profit	51,375	36,591

5 Staff costs

	2011 Number	2010 Number
The average monthly number of employees (including Directors) was:		
Administration	309	250
Technical and sales	625	572
	934	822
Their aggregate remuneration comprised:		
	£000	£000
Wages and salaries	23,697	18,950
Social security costs	3,683	2,613
Other pension costs	39	38
Share-based payments	1,696	1,370
	29,115	22,971

Details of audited Directors' remuneration are shown in the Report on Remuneration on pages 50 to 56.

6 Tax on profit on ordinary activities

Analysis of tax charge for the year:

	2011 £000	2010 £000
Group taxation on current year profit		
UK corporation tax on profit for the year	3,294	4,021
Adjustment to UK tax in respect of previous years	(768)	(460)
	2,526	3,561
Overseas taxation – current year	8,569	5,830
Overseas taxation – previous years	(442)	76
	8,127	5,906
Current tax	10,653	9,467
Deferred tax		
Origination and reversal of timing differences:		
Current year	(2,362)	(1,525)
Prior year	1	(629)
	8,292	7,313

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	2011 £000	2010 £000
Profit on ordinary activities before tax	39,094	31,278
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 27% (2010: 28%)	10,555	8,758
Effects of:		
Expenses not deductible for tax purposes	963	152
Deferred tax assets not recognised	39	29
Withholding tax and other irrecoverable taxes	333	776
Adjustments to tax charge in respect of previous years	(1,210)	(1,013)
Deferred tax provision in respect of proposed dividends from overseas subsidiaries	13	103
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2,401)	(1,457)
Associate tax	–	(35)
	8,292	7,313

	2011 £000	2010 £000
Tax relating to components of comprehensive income;		
Cash flow gains/(losses) – current	225	(256)
Cash flow gains/(losses) – deferred	326	(158)
	551	(414)
Tax relating to amounts credited to equity;		
Share options – current	127	119
Share options – deferred	5	222
	132	341
	683	(73)

7 Dividends

	2011 £000	2010 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 September 2010 of 4.0p (2009 – 3.9p) per ordinary share	9,537	9,283
Interim dividend for the year ended 30 September 2011 of 1.9p (2010 – 1.7p) per ordinary share	4,568	4,052
	14,105	13,335
Proposed final dividend for the year ended 30 September 2011 of 4.2p (2010 – 4.0p) per ordinary share	10,100	9,533

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Under the terms of the trust deed dated 20 October 1998, the ITE Group Employees Share Trust, which holds 8,102,687 (2010: 9,978,386) ordinary shares representing 3.3% of the Company's called up ordinary share capital, has agreed to waive all dividends due to it each year.

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For the year ended 30 September 2011

8 Earnings per share

The calculation of basic, diluted and headline diluted earnings per share is based on the following earnings and the numbers of shares:

	2011 Number of shares (000)	2010 Number of shares (000)
Weighted average number of shares:		
For basic earnings per share	239,635	238,679
Effect of dilutive potential ordinary shares	5,132	4,213
For diluted and headline diluted earnings per share	244,767	242,892

Basic and diluted earnings per share

The calculations of basic and diluted earnings per share are based on the profit for the financial year attributable to equity holders of the parent of £30.7 million (2010: £23.9 million). Basic and diluted earnings per share were 12.8p and 12.6p respectively (2010: 10.0p and 9.8p respectively).

Headline diluted earnings per share

Headline diluted earnings per share is intended to provide a consistent measure of Group earnings on a year-on-year basis and is 16.6p per share (2010: 11.6p). Headline basic earnings per share is 17.0p per share (2010: 11.8p).

	2011 £000	2010 £000
Profit for the financial year attributable to equity holders of the parent	30,724	23,873
Amortisation of acquired intangible assets	10,717	5,820
Tax effect of amortisation of acquired intangible assets	(2,358)	(1,144)
Transaction costs	1,180	860
Loss on exercise of Ekin Fuar put option	269	–
Loss on settlement of contingent consideration	104	–
Gain on settlement of contingent consideration	(119)	–
Tax effect of other adjustments	(27)	–
Gain on exercise of Primexpo North West LLC put option	–	(533)
Gain on disposal of associate	–	(834)
Impairment of goodwill	130	–
Headline earnings for the financial year after taxation	40,620	28,042

9 Goodwill

	Goodwill £000
Cost	
At 1 October 2009	44,619
Additions through business combinations	5,249
Foreign Exchange	716
At 1 October 2010	50,584
Additions through business combinations	22,389
Foreign Exchange	(2,159)
At 30 September 2011	70,814
Provision for Impairment	
At 1 October 2009 and 2010	–
Impairment	(130)
At 30 September 2011	(130)
Net book value	
At 30 September 2011	70,684
At 30 September 2010	50,584

* The impairment relates to an exhibition which is no longer being run by the Group and as such all goodwill relating to the exhibition has been impaired.

10 Goodwill acquired through business combinations

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	2011 £000	2010 £000
UK and Western Europe	14,920	14,850
Central Asia and Caucasus	7,583	7,437
Russia	37,505	23,231
Eastern and Southern Europe	9,505	3,794
Rest of the World	1,171	1,272
	70,684	50,584

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the cash-generating units are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to cash flows during the period. Management estimates discount rates that reflect the current market assessments of the time value of money and risks specific to the cash-generating units. The growth rates are based on management forecasts. The Group prepares cash flow forecasts based upon the most recent financial plans approved by the Board and extrapolates the planned cash flows. Assumed growth rates based on GDP growth rates in the local markets and management judgements have been applied for the first three years beyond the detailed plans and a rate of between 1% and 8% is applied thereafter. These rates do not exceed the average long-term growth rate for the businesses in the relevant markets.

The pre-tax discount rates applied to the cash-generating units are between 15% and 18%.

The calculation of value in use is most sensitive to the discount rate and growth rates used. Management believes that no reasonable potential change in any of the above key assumptions would cause the carrying value to exceed its recoverable amount.

The Group has conducted a sensitivity analysis taking into consideration the impact on key impairment test assumptions arising from a range of possible trading and economic scenarios. The scenarios have been performed separately for each cash-generating unit with the sensitivities summarised as follows:

- > An increase in the discount rate by 1%.
- > A decrease of 5% on forecast cash flows over the term for all cash-generating units.

The sensitivity analysis shows that an increase in the discount rate would result in an impairment of £230,000 and a decrease in the growth rate would result in an impairment of £200,000.

The principal share acquisitions made during the year to 30 September 2011, accounted for under the acquisition method, were:

Name of entity acquired	Nature of entity acquired	Date of acquisition	Percentage acquired
International Exhibition Company CJSC ("MVK")	Exhibition organiser	17 December 2010	100%
Krasnodar Expo	Exhibition organiser	3 March 2011	100%
Yem Fuar	Exhibition organiser	12 July 2011	60%
Non-controlling interest of Ekin Fuar (organiser of EMITT)	Exhibition organiser	25 July 2011	12.5% (The Group now owns 87.5% of Ekin Fuar)

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For the year ended 30 September 2011

10 Goodwill acquired through business combinations continued

Details of the aggregate net assets acquired as adjusted from book to fair value, and the attributable goodwill are presented as follows:

Acquisition of 100% of International Exhibition Company CJSC ('MVK')

	£000
Net assets acquired	
Intangible fixed assets – trademarks	9,026
Intangible fixed assets – customer relationships	10,791
Intangible fixed assets – visitor database	8
Trade and other receivables	3,100
Cash and cash equivalents	78
Trade and other payables	(3,621)
Deferred tax liability	(3,960)
Net assets acquired	15,422
Goodwill arising on acquisition	12,019
Total cost of acquisition	27,441
Satisfied by:	
Net cash paid	27,441
	27,441
Net cash outflow arising on acquisition:	
Net cash paid	27,441
Cash and cash equivalents acquired	(78)
	27,363

The values used in accounting for the identifiable assets and liabilities of these acquisitions are provisional in nature at the balance sheet date. If necessary adjustments will be made to these carrying values and the related goodwill, within twelve months of the acquisition date. The goodwill arising on acquisition of £12.0 million represents significant expected synergies with other operations of the Group. The acquired business organises exhibitions in Moscow predominantly in the industrial, packaging and furniture sectors.

No recognised goodwill is expected to be deductible for income tax purposes. Transaction costs relating to the above acquisition were £0.6 million.

Acquisition of 100% of Krasnodar Expo ('Krasnodar')

	£000
Net assets acquired	
Intangible fixed assets – trademarks	3,581
Intangible fixed assets – customer relationships	2,653
Trade and other receivables	2,020
Trade and other payables	(2,112)
Deferred tax liability	(1,240)
Net assets acquired	4,902
Goodwill arising on acquisition	3,865
Total cost of acquisition	8,767
Satisfied by:	
Net cash paid	4,619
Deferred and contingent consideration	2,138
Asset retained by vendor on completion	2,010
	8,767
Net cash outflow arising on acquisition:	
Net cash paid in April 2011	4,619
Net cash paid in June 2011	911
Contingent consideration	1,227
Asset retained by vendor on completion	2,010
	8,767

The values used in accounting for the identifiable assets and liabilities of these acquisitions are provisional in nature at the balance sheet date. If necessary adjustments will be made to these carrying values and the related goodwill, within twelve months of the acquisition date. The goodwill arising on acquisition of £3.9 million represents significant expected synergies with other operations of the Group. This acquisition is consistent with the Group's existing strategy. The acquired business organises exhibitions in Krasnodar predominantly in the agricultural and building sectors.

No recognised goodwill is expected to be deductible for income tax purposes. Transaction costs relating to the above acquisition were £0.1 million.

Contingent consideration is due to be paid in December 2011 and will be based on the final audited results of Krasnodar for the year ended 31 December 2010. The Group's current best estimate is £1.2 million. The contingent consideration is based on show profits and is unlimited.

10 Goodwill acquired through business combinations continued**Acquisition of 60% of Yem Fuar**

	£000
Net assets acquired	
Fixed assets	45
Intangible fixed assets – trademarks	4,707
Intangible fixed assets – customer relationships	10,838
Intangible fixed assets – visitor database	764
Trade and other receivables	2,113
Cash and cash equivalents	2,954
Trade and other payables	(1,776)
Deferred tax liability	(3,259)
Non-controlling interest	(6,554)
Net assets acquired	9,832
Goodwill arising on acquisition	5,699
Total cost of acquisition	15,531
Satisfied by:	
Net cash paid	12,473
Contingent consideration	3,058
	15,531
Net cash outflow arising on acquisition:	
Net cash paid	12,473
Cash and cash equivalents acquired	(2,954)
	9,519

The values used in accounting for the identifiable assets and liabilities of these acquisitions are provisional in nature at the balance sheet date. If necessary adjustments will be made to these carrying values and the related goodwill, within twelve months of the acquisition date. The goodwill arising on acquisition of £5.7 million represents significant expected synergies with other operations of the Group. This acquisition is consistent with the Group's existing strategy. The acquired business organises exhibitions in Turkey predominantly in the building and construction sectors.

No recognised goodwill is expected to be deductible for income tax purposes. Transaction costs relating to the above acquisition were £0.3 million.

Contingent consideration will be based on a multiple of the results of Yem Fuar for the year ending 31 December 2011. It is estimated that this payment will be made by 3 April 2012. The Group's best estimate at date of acquisition was £3.1 million. The payment is due in Turkish Lira and is therefore retranslated at year end date. The contingent consideration is based on show profits and is unlimited.

a) International Exhibition Company CJSC ('MVK')

Details of net assets acquired on 17 December 2010 and the related fair value adjustments are presented as follows:

	Book value £000	Adjustments £000	Fair value £000
Assets acquired			
Intangible fixed assets – trademarks	24	9,002	9,026
Intangible fixed assets – customer relationships	–	10,791	10,791
Intangible fixed assets – database	–	8	8
Trade and other receivables	3,100	–	3,100
Cash	78	–	78
Trade and other payables	(3,621)	–	(3,621)
Deferred tax liability	–	(3,960)	(3,960)
Net assets acquired	(419)	15,841	15,422

The acquired business has contributed £9.2 million to Group revenue and £3.7 million to profit before tax.

If the acquisition had occurred on 1 October 2010, the acquired business would have contributed £11.6 million to Group revenue and £4.1 million to profit before tax.

The fair value of the acquired receivables is equivalent to the gross contractual receivable and estimated future cash flows arising.

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10 Goodwill acquired through business combinations continued**b) Krasnodar Expo ("Krasnodar")**

Details of net assets acquired on 3 March 2011 and the related fair value adjustments are presented as follows:

	Book value £000	Adjustments £000	Fair value £000
Assets acquired			
Intangible fixed assets – trademarks	6	3,575	3,581
Intangible fixed assets – customer relationships	–	2,653	2,653
Trade and other receivables	2,020	–	2,020
Trade and other payables	(2,112)	–	(2,112)
Deferred tax liability	–	(1,240)	(1,240)
Net assets acquired	(86)	4,988	4,902

The acquired business has contributed £4.3 million to Group revenue and £1.2 million to profit before tax.

If the acquisition had occurred on 1 October 2010, the acquired business would have contributed £6.4 million to Group revenue and £1.9 million to profit before tax.

The fair value of the acquired receivables is equivalent to the gross contractual receivable and estimated future cash flows arising.

c) Yem Fuar

Details of net assets acquired on 12 July 2011 and the related fair value adjustments are presented as follows:

	Book value £000	Adjustments £000	Fair value £000
Assets acquired			
Fixed assets	45	–	45
Intangible fixed assets – trademarks	12	4,695	4,707
Intangible fixed assets – customer relationships	–	10,838	10,838
Intangible fixed assets – visitor databases	–	764	764
Trade and other receivables	2,113	–	2,113
Cash	2,954	–	2,954
Trade and other payables	(1,776)	–	(1,776)
Deferred tax liability	–	(3,259)	(3,259)
Non-controlling interest	–	(6,554)	(6,554)
Net assets acquired	3,348	6,484	9,832

The acquired business has contributed £0.6 million to Group revenue and nil to profit before tax.

If the acquisition had occurred on 1 October 2010, the acquired business would have contributed £8.0 million to Group revenue and £3.4 million to profit before tax.

In addition, a put option has been recognised – see note 20 for further details.

The fair value of the acquired receivables is equivalent to the gross contractual receivable and estimated future cash flows arising.

Acquisition of 12.5% of EKIN (the organiser of EMITT)

On 25 July 2011, Newex Marketing Limited, a subsidiary of the Group purchased a further 12.5% of the share capital of Ekin, the organiser of EMITT (the annual travel and tourism exhibition taking place in Istanbul, Turkey) for \$1.25 million (£763,000) paid in cash. This takes the Group's shareholding in Ekin to 87.5%. Since its acquisition Ekin Fuar has performed ahead of initial expectations and consequently the Group has paid £269,000 more than was anticipated at the time of acquisition for the 12.5% stake. This additional cost is shown as a loss in the Consolidated Income Statement.

This transaction has resulted in a decrease in the Group's non-controlling interest in Ekin as can be seen in note 23.

11 Other intangible assets

	Customer relationships £000	Trademarks and licences £000	Visitor databases £000	Computer software £000	Total £000
Cost					
As at 1 October 2009	25,753	–	–	2,072	27,825
Additions	19,150	–	–	190	19,340
Foreign exchange	(487)	–	–	–	(487)
Disposals	(10)	–	–	–	(10)
As at 1 October 2010	44,406	–	–	2,262	46,668
Additions through business combinations	24,282	17,314	772	–	42,368
Additions	–	249	–	359	608
Foreign exchange	(1,259)	(601)	(29)	–	(1,889)
Disposals	–	–	–	(338)	(338)
As at 30 September 2011	67,429	16,962	743	2,283	87,417
Amortisation					
As at 1 October 2009	10,246	–	–	1,572	11,818
Charge for the year	5,820	–	–	201	6,021
Foreign exchange	–	–	–	–	–
Disposals	–	–	–	–	–
As at 1 October 2010	16,066	–	–	1,773	17,839
Charge for the year	8,858	1,837	22	297	11,014
Disposals	–	–	–	(303)	(303)
As at 30 September 2011	24,924	1,837	22	1,767	28,550
Net book value					
As at 30 September 2011	42,505	15,125	721	516	58,867
As at 30 September 2010	28,340	–	–	489	28,829

The amortisation period for customer relationships is between three and ten years, for trademarks up to 20 years and for visitor databases between five and eight years. Computer software is amortised over four years.

The Group has split the intangible assets it acquired through business combinations during the year into three distinct categories; customer relationships, trademarks and licences and visitor databases.

Previously, the Group classified all intangible assets acquired through business combinations as 'customer relationships and trademarks'. The Group has not revisited the previous intangible asset classification and as such these assets remain in total in the 'customer relationships' category.

The additions to customer relationships, trademarks and licences and databases of £42.4 million relate to the purchase of International Exhibition Company CJSC ('MVK'), Krasnodar Expo and Yem Fuar. The carrying amounts of these intangibles at 30 September 2011 were £17.1 million, £5.5 million and £15.9 million respectively. The intangibles acquired during the year are amortised in accordance with the Group amortisation policy for intangibles as detailed above.

12 Investments

On 8 February 2011, the Group purchased a 10% share in Summit Trade Events Limited for £400,000.

The investment has been accounted for as available for sale carried at fair value. Any dividends received are recognised through the income statement. No dividends have been received.

The Group has written a put option over the remaining 90% of Summit Trade Events Limited.

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13 Property, plant and equipment Group

	Leasehold land and buildings £000	Plant and equipment £000	Total £000
Cost			
At 1 October 2009	1,082	2,841	3,923
Additions	65	851	916
Disposals	–	(284)	(284)
At 1 October 2010	1,147	3,408	4,555
Additions	22	893	915
Additions through business combinations	–	45	45
Disposals	–	(237)	(237)
At 30 September 2011	1,169	4,109	5,278
Depreciation			
At 1 October 2009	581	1,893	2,474
Charge for the year	82	579	661
Disposals	–	(283)	(283)
Foreign exchange	(5)	(33)	(38)
At 1 October 2010	658	2,156	2,814
Charge for the year	78	555	633
Disposals	–	(237)	(237)
Foreign exchange	–	(12)	(12)
At 30 September 2011	736	2,462	3,198
Net book value			
At 30 September 2011	433	1,647	2,080
At 30 September 2010	489	1,252	1,741

14 Subsidiaries

A list of the significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 5 to the Company's separate financial statements.

15 Interests in associates

	2011 £000	2010 £000
Aggregated amounts relating to associates		
Total assets	–	–
Total liabilities	–	–
	–	–
Included within total assets is goodwill of £nil (2010: £nil).		
Share of revenue	–	1,010
Share of results of associate	–	126

On 12 September 2011, the Group purchased 40% of Scoop International Fashion Limited for £100,000. This has been accounted for using the equity method, recognised initially at cost. The carrying amount is increased or decreased to recognise the ITE's share of the profit or loss of the associate after the date of acquisition. ITE's share of the profit or loss of the associate is recognised in the income statement. Distributions received from the associate also reduce the carrying amount of the investment. No distributions or material losses have arisen since purchase.

The Group has written a put option over the remaining 60% of Scoop International Fashion Limited.

In the year ended 30 September 2010, ITE completed its exit from ITF, its 50% associate venture in Turkey by acquiring half of the associate's events for its own portfolio and selling its shareholding in the associate to its former joint shareholder. This resulted in a gain of £834,000 in the year ended 30 September 2010 and this is shown on the face of the Consolidated Income Statement.

16 Current assets and non-current assets

	2011 £000	2010 £000
Trade and other receivables		
Trade receivables	35,299	29,635
Other receivables	2,272	1,611
Venue advances and prepayments	6,015	4,287
Prepayments and accrued income	8,037	2,955
	51,623	38,488
Taxation prepayments		
Taxation prepayments	923	608

Taxation prepayments relate to overseas subsidiaries and are available for offset against future tax liabilities.

Cash and cash equivalents

	2011 £000	2010 £000
Cash at bank and in hand	33,961	33,163
Venue advances and other loans – non-current		
Venue advances and other loans – non-current	4,043	6,178

The cash at bank and in hand comprises cash held by the Group and short-term deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value. The cash balance is represented by £4.4 million of Sterling, £9.6 million of Euros, £1.1 million of US Dollars, £12.4 million of Rubles and £6.5 million of other currencies. Surplus funds are placed on short-term deposit with floating interest rates.

The venue advances and other loans of £4.0 million due after one year are all due within five years (2010: £6.2 million due after more than five years). The venue loans repayable by cash are measured at fair value. The venue prepayments are held at cost. All venue advances are stated net of allowance for doubtful receivables. The venue advances are denominated primarily in either Euros or US Dollars and are analysed as follows:

	2011 £000	2010 £000
Venue loans		
Denominated in US Dollars	2,049	1,288
Denominated in other currencies	818	–
	2,867	1,288
Venue prepayments		
Denominated in Euros	5,640	7,678
Denominated in US Dollars	1,194	975
Denominated in other currencies	357	524
	7,191	9,177
Total venue loans and prepayments	10,058	10,465

17 Bank borrowings**Bank overdraft**

The bank overdrafts are all repayable on demand. Of the total overdraft, £11.5 million (2010: £8.6 million) is denominated in Euros and £2.4 million (2010: £1.6 million) is denominated in US Dollars. The borrowings are arranged at floating interest rates, thus exposing the Group to interest rate risk. The Euro and US Dollar overdraft are taken out to act as a partial hedge against UK monetary assets in those currencies.

The overdrafts have been secured by a guarantee between ITE Group plc, ITE Exhibitions & Conferences Limited, International Trade and Exhibitions (JV) Limited, ITE Overseas Limited, ITE Enterprises Limited, ITE Moda Limited, RAS Publishing Limited, ITE Moda Footwear Limited, ITE Expo UK Limited, ITE Russia LLC UK Limited, ITE Eurasian Exhibitions Limited and a charge over the assets of International Trade and Exhibitions (JV) Limited. The average interest rate on the bank overdrafts approximates 2.5% per annum (2010: 2.5%) and is determined by reference to base rate plus 1.5625%. The Directors estimate the carrying value of the overdrafts approximates their fair value. At 30 September 2011 the Group had £6.1 million (2010: £10.2 million) of gross undrawn committed overdraft facilities.

Bank loan

The Group has a secured bank loan of £14.5 million (2010: nil) denominated in Euros. The average interest rate on the bank loan approximates 3.8% per annum and is determined by reference to a rate of 2.5% plus Euribor/Libor. The loan has been secured by a guarantee between ITE Group plc, ITE Exhibitions & Conferences Limited, International Trade and Exhibitions (JV) Limited, ITE Overseas Limited, ITE Enterprises Limited, ITE Moda Limited, RAS Publishing Limited, ITE Moda Footwear Limited, ITE Expo UK Limited, ITE Russia LLC UK Limited, ITE Eurasian Exhibitions Limited, ITE Holdings Limited, Intermedia Exhibitions & Conferences Limited, ITE Expo LLC, ITE LLC, ITE International Holdings BV and International Trade and Exhibitions (JV) Limited.

The loan matures on 30 November 2012. At 30 September 2011 the Group had £0.5 million (2010: nil) of gross undrawn committed loan facility.

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For the year ended 30 September 2011

18 Trade and other payables

	2011 £000	2010 £000
Trade payables	879	718
Taxation and social security	3,169	4,201
Other payables	3,104	2,660
Accruals	8,475	5,812
Deferred consideration	–	108
Contingent consideration	4,139	1,664
	19,766	15,163
Deferred income	67,867	55,211

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying value of trade payables approximates their fair value.

19 Provisions

	National Insurance on share options £000	Leases £000	Total £000
At 1 October 2010	800	459	1,259
Charged/(credited) to income statement	282	(52)	230
Utilised in the period	(58)	–	(58)
At 30 September 2011	1,024	407	1,431
Included in current liabilities			565
Included in non-current liabilities			866
			1,431

National Insurance on share options is calculated by reference to the employer's National Insurance cost on the potential gain based on the difference between the exercise price and share price for those share options where the share price exceeds the exercise price at 30 September 2011.

The lease provision relates to the spreading of a reduced rent period over the full period of the lease.

20 Financial instruments**Financial assets and liabilities**

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset and financial liability are disclosed in the accounting policies note on pages 67 to 73.

Categories of financial assets and liabilities

Financial assets and liabilities are classified according to the following categories in the table below. The amounts disclosed are the contractual undiscounted net cash flows.

Financial assets

	2011 £000	2010 £000
Cash and cash equivalents	33,961	33,163
Available for sale – investments	100	–
Loans and receivables:		
Trade receivables	35,299	29,635
Other receivables	2,272	1,611
Venue loans	2,867	1,288
Derivative financial instruments – designated cash flow hedge	300	1,129
	74,799	66,826

20 Financial instruments continued**Financial liabilities**

	2011 £000	2010 £000
Bank overdraft	13,948	10,183
Amortised cost:		
Trade payables	879	718
Other payables	3,104	2,660
Deferred consideration	–	108
Contingent consideration	4,139	1,664
Derivative financial instruments – put option liabilities	12,642	1,223
Derivative financial instruments – designated cash flow hedge	977	663
	35,689	17,219

Maturity of financial instruments

In 2011, of the derivative financial liabilities, Ekin Fuar put option (£0.7 million) and an element of the derivative financial instruments (£0.2 million) had a maturity of one year or less. The Summit Trade Events Limited put option, the Scoop International Fashion Limited put option, the Yem Fuar put option (total £12.0 million) and an element of the derivative financial instruments (£0.7 million) had a maturity of one year or more. The put option relating to Yem Fuar has been discounted at a rate of 5% and the undiscounted amount is £12.5 million and has a maturity of 2–3 years. Out of the total of £0.3 million of derivative financial assets, £0.2 million had a maturity of one year or less and £0.1 million of one year or more.

In 2010, all financial liabilities except the put options and part of the derivative financial instruments (£0.5 million) have a maturity of one year or less. Out of the total £1.1 million of derivative financial assets, £0.9 million had a maturity of one year or less and £0.2 million has a maturity of one to three years. Out of the total of £0.6 million of derivative financial liabilities, £0.5 million had a maturity of one to three years.

The Directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair value due to the short-term maturity of the instruments.

Derivative assets

	2011 £000 Contractual amounts	2011 £000 Fair value	2010 £000 Contractual amounts	2010 £000 Fair value
Foreign currency forward contracts	28,250	300	52,900	1,129

Derivative liabilities

	2011 £000 Contractual amounts	2011 £000 Fair value	2010 £000 Contractual amounts	2010 £000 Fair value
Foreign currency forward contracts	66,400	977	46,800	663

The Group seeks to minimise the effects of foreign currency risks by using derivative financial instruments to hedge the risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board. Compliance with policies and exposure limits is reviewed by the Board on a continuous basis. The Group does not enter into financial instruments, including derivative financial instruments, for speculative purposes.

Fair value hierarchy

The following table categorises the Group's financial instruments which are held at fair value into one of three levels to reflect the degree to which observable inputs are used in determining their fair values:

	Fair value £000	Level 1 £000	Level 2 £000	Level 3 £000
Assets measured at fair value				
Foreign currency forward contracts	300	–	300	–
Available for sale – investments	100	–	–	100
Total	400	–	300	100
Liabilities measured at fair value				
Foreign currency forward contracts	977	–	977	–
Put options	12,642	–	12,642	–
Total	13,619	–	13,619	–

Level 1; Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2; Fair values measured using inputs, other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3; Fair values measured using inputs for the assets or liabilities that are not based on observable market data.

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20 Financial instruments continued

Financial risk management

In the course of its business, the Group is exposed to a number of financial risks: market risk (including foreign currency and interest rate), credit risk, liquidity risk and capital risk. This note presents the Group's exposure to each of the above risks. The Group's objectives, policies and processes for measuring and managing risks can be found in the Business Review on pages 8 to 37.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established policies to identify and analyse risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Market risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into derivative financial instruments to manage its exposure to foreign currency risk. Market risk exposures are measured using sensitivity analysis.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward-plus or forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Financial assets

	2011 £000	2010 £000
EUR	31,616	31,578
GBP	7,359	12,830
USD	4,707	6,044
RUB	17,163	8,707
Other	13,954	7,667
	74,799	66,826

Financial liabilities

	2011 £000	2010 £000
EUR	12,934	9,412
GBP	2,660	2,132
USD	3,511	3,258
RUB	1,427	1,666
Other	15,157	751
	35,689	17,219

Foreign currency sensitivity analysis

The sensitivity analysis below is based on a 10% appreciation/depreciation of the Group's significant currencies against Sterling, applied to the net monetary assets or liabilities of the Group that are not denominated in the functional currency of the operating unit involved.

	USD	EUR	RUB	Other
2011 (£000)				
Monetary assets	4,707	31,616	17,163	13,954
Monetary liabilities	(3,511)	(12,934)	(1,427)	(15,157)
Net monetary assets	1,196	18,682	15,736	1,203
Currency impact				
Profit before tax gain/(loss)				
10% appreciation	120	1,868	1,574	120
10% depreciation	(120)	(1,868)	(1,574)	(120)
2010 (£000)				
Monetary assets	6,044	31,578	8,707	7,667
Monetary liabilities	(3,258)	(9,412)	(1,666)	(751)
Net monetary assets	2,786	22,166	7,041	6,916
Currency impact				
Profit before tax gain/(loss)				
10% appreciation	279	2,217	704	692
10% depreciation	(279)	(2,217)	(704)	(692)

20 Financial instruments continued

The following significant exchange rates versus Sterling applied during the year and in the prior year:

	Average		Reporting date	
	2011	2010	2011	2010
EUR	1.15	1.15	1.15	1.16
USD	1.61	1.56	1.56	1.58
RUB	47.04	46.93	49.86	48.04

Forward foreign exchange contracts

As at 30 September 2011 the notional amounts of outstanding foreign currency forward contracts that the Group has committed to amounted to €94.65 million (2010: €99.7 million). These arrangements are designed to address significant exchange exposures for the next 36 months and are renewed on a revolving basis as required, subject to not committing the Group to less than six months or more than 36 months in the future.

At 30 September 2011, the fair value of these derivatives is estimated to be a net liability of approximately £0.7 million (2010: net assets of £0.5 million). These amounts are based on market valuations.

The Group has taken out foreign currency overdrafts in Euros and US Dollars to act as a natural hedge against certain currency trade receivable balances. These borrowings have not been designated as hedging instruments by management. All foreign exchange movements on these borrowings and trade receivables are recognised directly in the consolidated income statement.

Interest rate risk management

As the Group has no significant interest-bearing assets, other than cash, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is exposed to interest rate risk through its borrowings at floating interest rates. This risk is managed by the Group by maintaining an appropriate level of floating interest rate borrowings. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk section of this note.

Interest structure of financial liabilities

	2011 £000	2010 £000
Financial liabilities at variable rates:		
Bank overdraft	13,948	10,183

The following average interest rates applied during the year and in the prior year:

	Bank loan		Bank overdraft	
	2011 %	2010 %	2011 %	2010 %
EUR	3.8	–	2.5	2.0
USD	–	–	2.5	2.6

Average interest rates applicable to cash balances were 5.3% in 2011 and 1.6% in 2010.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for financial assets and financial liabilities at the balance sheet date. With all other variables held constant the table below demonstrates the sensitivity to a 1% change in interest rates applied to the major currencies of net variable rate asset/liabilities. 1% is the sensitivity rate that represents management's assessment of the reasonably possible change in interest rates.

	USD denominated		EUR denominated		GBP denominated		RUB denominated		Other	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Cash and cash equivalents	1,093	1,236	9,578	11,794	4,401	9,491	12,411	8,072	6,478	2,570
Bank overdraft	(2,380)	(1,575)	(11,568)	(8,608)	–	–	–	–	–	–
Bank Loan	–	–	(9,583)	–	(4,900)	–	–	–	–	–
Net variable rate (liabilities)/assets	(1,287)	(339)	(11,573)	3,186	(499)	9,491	12,411	8,072	6,478	2,570

	USD denominated		EUR denominated		GBP denominated		RUB denominated		Other	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Profit before tax – (loss)/gain										
+1% change in interest rates	(13)	(3)	(116)	32	(5)	95	124	81	65	26
–1% change in interest rates	13	3	116	(32)	5	(95)	(124)	(81)	(65)	(26)

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20 Financial instruments continued

Credit risk management

Credit risk arises because a counterparty may fail to perform its contractual obligations. The Group's principal financial assets are cash and cash equivalents, trade and other receivables, venue advances and derivative financial instruments. These represent the Group's maximum exposure to credit risk.

The Group's credit risk is primarily attributable to its trade and other receivables. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's objective is to ensure all customers have paid before any service is provided to them. The concentration of credit risk is limited due to the customer base being large and unrelated.

The ageing profile of the Group's trade receivables and the details of the Group's allowances for doubtful receivables can be seen below.

The credit risk on liquid funds and derivative financial instruments arises due to where the liquid funds are held. The territories in which ITE operates do not always have banks with high credit ratings assigned by international credit rating agencies such as Moody's and Fitch. The Group aims to minimise the exposure to credit risk by minimising the level of cash held in such banks. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved financial institutions.

Credit rating of financial assets (excluding loans and receivables and derivative assets)

	2011 £000	2010 £000
Investments grade A and above	20,548	25,400
Investments grade B and above	11,631	5,343
Investments grade C or below or not rated	1,782	2,420
	33,961	33,163

The source of the credit ratings is Moody's and Fitch.

Ageing profile of trade receivables

	Show start date		Contract terms	
	2011 £000	2010 £000	2011 £000	2010 £000
Not past due	32,164	28,863	17,695	18,578
Past due 1–30 days	2,687	451	11,394	5,982
Past due 31–60 days	61	57	2,490	2,000
Past due 61–90 days	20	28	1,439	1,835
Past due 91–120 days	12	76	1,213	1,240
Past due more than 120 days	355	160	1,068	–
	35,299	29,635	35,299	29,635

Management review debtors ageing on a contractual basis and also based on when an event has been held. The Group raise invoices on events using stage payments. Any overdue amounts, after the stage payment due date, are reviewed and chased. Management also review the debts due based on when an event has taken place, as this is typically when the service is provided. Both measures are included in the table above as both are used by management to manage outstanding debts.

The trade receivables amounts presented in the Balance Sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience, specific credit issues and their assessment of the current economic environment. Trade receivables consist of a large number of customers spread across diverse industries and geographical areas and the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including default risk of the industry and country, in which the customers operate, has less of an influence on credit risk.

The Group establishes an allowance for doubtful debts that represents its estimate of incurred losses in respect of trade receivables when there is objective evidence that the debt will not be collected in full. The allowance is recognised and measured as the difference between the asset's carrying amount and the present value of future cash flows. Where material, it is discounted at the effective interest rate computed at initial recognition. The main component of this allowance is a specific loss component that relates to individually significant exposure on shows which have taken place but the debt has not been collected in full. This allowance is determined by reference to the specific circumstances of each show and past experience.

The details of the movement in the allowance for doubtful receivables are shown below.

Allowance for doubtful receivables

	2011 £000	2010 £000
At 1 October	500	404
Allowances made in the period	173	441
Amounts used and reversal of unused amounts	(13)	(345)
	660	500

20 Financial instruments continued**Ageing of impaired receivables**

	2011 £000	2010 £000
Past due 0–3 months	92	69
Past due 3–6 months	90	61
Past due more than 6 months	478	370
	660	500

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due. Such risk may result from inadequate market depth or disruption or refinancing problems. Ultimate responsibility for liquidity risk management rests with the Board of Directors. They have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by ensuring continuity of funding for operational needs through cash deposits and debt facilities as appropriate.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of cash and cash equivalents, bank overdraft and bank loan which is disclosed in note 16 and note 17 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 22 and in the consolidated statement of changes in equity.

21 Deferred tax

	Accelerated tax depreciation £000	Intangibles £000	Tax losses £000	Provisions and accruals £000	Hedges £000	Share-based payments £000	Repatriation of profit £000	Total £000
At 1 October 2009	(419)	(2,163)	–	687	1	337	(1,309)	(2,866)
Transfers	–	–	–	21	–	(1)	–	20
Credit to income	(25)	1,184	–	130	–	168	697	2,154
Charge to OCI	–	–	–	–	(158)	–	–	(158)
Credit to equity	–	–	–	–	–	222	–	222
Acquisition of subsidiary	–	(3,818)	–	3	–	–	–	(3,815)
Foreign exchange	–	–	–	6	–	–	–	6
At 1 October 2010	(444)	(4,797)	–	847	(157)	726	(612)	(4,437)
Transfers	–	–	–	–	–	–	–	–
Credit to income	159	2,003	175	(41)	–	78	(13)	2,361
Credit to OCI	–	–	–	–	326	–	–	326
Charge to equity	–	–	–	–	–	5	–	5
Acquisition of subsidiary	–	(9,235)	–	–	–	–	–	(9,235)
Foreign exchange	–	–	–	25	–	–	–	25
At 30 September 2011	(285)	(12,029)	175	831	169	809	(625)	(10,955)

Certain deferred tax assets and liabilities have been offset in the above table. The following is the analysis of deferred tax balances for financial reporting purposes:

	2011 £000	2010 £000
Deferred tax liabilities	(13,067)	(6,089)
Deferred tax assets	2,112	1,652
	(10,955)	(4,437)

At the balance sheet date, the Group has unused tax losses of £3.0 million (2010: £1.9 million) available for offset against future profits. No deferred tax asset has been recognised in respect of these losses in either year due to the unpredictability of future profit streams. These losses may be carried forward indefinitely.

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was £13 million (2010: £4.5 million). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

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22 Share capital

	2011 £000	2010 £000
Authorised		
375,000,000 ordinary shares of 1 penny each (2010: 375,000,000)	3,750	3,750
Allotted and fully-paid		
248,568,749 ordinary shares of 1 penny each (2010: 248,312,202)	2,486	2,483

During the year, the Company allotted 256,547 (2010: 204,500) ordinary shares of 1 penny each pursuant to the exercise of share options. No ordinary shares (2010: nil) were issued in respect of Directors' remuneration. The total consideration for the shares issued was £38,478 (2010: £174,110).

The Company has one class of ordinary shares which carry no right to fixed income. At the Extraordinary General Meeting held on 17 November 1998, shareholders approved the establishment of the ITE Group ESOT. The terms of the ESOT allow the trustees to transfer shares to employees who exercise options under the Company's Share Option Schemes, to grant options to employees and to accumulate shares by buying in the market or subscribing for shares at market value. The ESOT is capable of holding a maximum of 5% of the Company's issued ordinary share capital. The ESOT reserve arises in connection with the ESOT. The amount of the reserve represents the deduction in arriving at shareholders funds for the consideration paid for the Company's shares purchased by the Trust which had not vested unconditionally in employees at the balance sheet date.

The ESOT held 8,102,687 shares in ITE Group plc at 30 September 2011 (2010: 9,978,386 shares). During the year 1,726,500 share options and 915,850 nominal share options under the Employees Performance Share Plan were granted against ESOT held shares. The market value of the ordinary shares held by the ESOT at 30 September 2011 was £12.8 million (2010: £17.8 million).

The Company has agreed to make available to the ESOT an interest-free loan of up to £12.5 million for the purpose of buying shares. At 30 September 2011, the amount of the loan drawn down was £8.8 million. The Company only profit and loss account and balance sheet include the results of the ESOT for the year ended 30 September 2011.

The trustees have waived their current and future rights to all dividend entitlement on the shares held by the ESOT. 1,855,699 options were exercised by ESOT and 20,000 ITE Group plc shares were transferred by ESOT during the year. Of the total shares held by the ESOT, 7,489,299 are under options as at 30 September 2011. Details of the options in issue and their exercise dates can be seen at note 25 to the accounts.

23 Non-controlling interests

	2011 £000	2010 £000
1 October	1,123	2,272
Non-controlling interest arising on acquisition during the year	6,554	49
Reduction in non-controlling interest due to acquisition of non-controlling interest during the year	(696)	(1,290)
Profit on ordinary activities after taxation	78	92
30 September	7,059	1,123

24 Operating lease arrangements

The Group has a number of operating leases for which it is a lessee.

	2011 £000	2010 £000
Lease payments under operating leases recognised as an expense in the year:		
Land and buildings	3,623	3,036
Venues	31,025	20,116

At 30 September 2011 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings 2011 £000	Venues 2011 £000	Land and buildings 2010 £000	Venues 2010 £000
Within one year	2,345	11,434	2,858	10,725
Between two and five years	2,805	—	5,045	—
After five years	1,207	—	1,648	—
	6,357	11,434	9,551	10,725

Operating lease payments for land and buildings represent rentals payable by the Group for its office properties. Leases are negotiated for an average term of two years. Payments for venues represent the non-cancellable amount of contracted venue agreements for future events.

The Group also earned rental income of £0.3 million during the year (2010: £0.3 million).

25 Share-based payments

The Company operate two share option schemes.

Share option plans

The Company operates a share option plan for all employees of the Group. Options are exercisable at a price equal to the average quoted market price of the Company's share on the date of grant. The vesting period is either three or five years and the options are exercisable up to ten years from granting. The options are forfeited if the employee leaves the Group before the options vest.

Performance share plans

The Company operated a Performance Share Plan ('PSP') for executives and staff. Awards under the PSP are at an exercise value of either 1p or nil. Awards can be made to an employee over shares up to a maximum of 100% of base salary each year based on market value. The vesting period is three years and awards are exercisable up to ten years from the date of grant. For conditional awards the vesting is automatic on the satisfaction of performance targets. The options are forfeited if the employee leaves the Group before the options vest. The awards are also subject to a performance target. Further details of the performance targets can be found in the Report on Remuneration on page 55.

Details of the share options outstanding as at 30 September 2011 are as follows:

	Number of share options 2011	Weighted average exercise price (p) 2011	Number of share options 2010	Weighted average exercise price (p) 2010
Share option plans				
Outstanding at beginning of period	3,754,850	88.5	4,325,550	79.0
Granted during the period	1,726,500	231.5	327,500	126.5
Lapsed during the period	(216,500)	(139.7)	(193,700)	(81.9)
Exercised during the period	(1,178,450)	117.8	(704,500)	(49.9)
	4,086,400		3,754,850	
Performance share plans				
Outstanding at beginning of period	4,755,620	1.0	3,581,419	1.0
Granted during the period	915,850	1.0	1,487,201	1.0
Lapsed during the period	(196,500)	(1.0)	(220,000)	(1.0)
Exercised during the period	(895,296)	–	(93,000)	–
	4,579,674		4,755,620	

The total amount of exercisable options in the share option plans is 483,500 and in the performance share plans is 260,123.

The weighted average share price at the date of exercise for share options exercised during the period was 241p. The options outstanding at 30 September 2011 had a weighted average exercise price of 118p, and a weighted average remaining contractual life of 414 days. In 2011, Share Options and Performance Share Plan options were granted on 11 January 2011. The aggregate of the estimated fair value of these options is £1.1 million and £1.9 million respectively.

The inputs into the Black-Scholes model for the instruments issued during the year are as follows:

	Performance share plan 2011	Share options plan 2011	Performance share plan 2010	Share options plan 2010
Weighted average share price	1p	231p	1p	128p
Weighted average exercise price	1p	231p	1p	126.5p
Expected volatility	40.4%	40.4%	41.53%-41.61%	41.53%
Expected life	4 years	4 years	4 years	4 years
Risk free rate	2.21%	2.21%	1.76%-2.60%	2.55%
Dividend yield	2.6%	2.6%	3.40%	3.40%

The Group recognised a total expense of £1.7 million (2010: £1.4 million) related to equity-settled share-based payment arrangements.

Financial statements

Notes to the consolidated accounts continued

For the year ended 30 September 2011

26 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates, where relevant, are disclosed below.

Trading transactions

In Kazakhstan, ITECA, a Group subsidiary, has transacted with Datacom and Saban Holdings for the provision of web systems and office rental respectively. Edward Strachan, a Group Director, is a significant shareholder of Datacom and Saban Holdings. In total, the services charged to ITECA were £54,000 (2010: £44,000).

In St Petersburg, Russia, Primexpo, a Group subsidiary, has transacted with Cavalry House for the provision of office rental. Edward Strachan, a Group Director, is a significant shareholder of Cavalry House. In total, the services charged to Primexpo were £190,000 (2010: £191,000).

During the year consultancy fees of £303,000 (2010: £336,000) were paid and a bonus payment of £330,000 was paid (2010: £380,000) to Kyzyl Tan Eurasian Advisors Limited ('Kyzyl Tan') of which Edward Strachan is a significant shareholder. Kyzyl Tan was also paid a living away from home allowance of £38,000 (2010: £43,000). These payments were made under a contract for Kyzyl Tan to provide the services of Edward Strachan to the Group.

Remuneration of key management personnel

The remuneration of Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related party disclosures. Further information about the remuneration of individual Directors is provided in the audited part of the Report on Remuneration on pages 50 to 56.

	2011 £000	2010 £000
Emoluments	2,163	2,157
Share-based payment	581	473
	2,744	2,630

27 Post balance sheet events

On 17 November 2011, ITE's wholly owned Ukrainian subsidiary, Premierexpo, entered into binding agreements for the acquisition of the exhibition assets of Limited Liability Company Autoexpo ('Autoexpo'). Completion is subject to the re-registration of the trademarks in Premierexpo's name by the State Service of Intellectual Property in Ukraine. Consideration of US\$6 million was settled in cash.

The portfolio of ten exhibitions acquired includes SIA, the Kyiv International Autosalon as well as others operating in ITE's core market sectors of travel and tourism, building and construction and oil and gas.

This acquisition is expected to be earnings enhancing in ITE's 2012 financial year.

Due to the proximity to the date of signing these accounts, the IFRS 3 acquisition accounting has not been finalised and the associated IFRS 3 disclosures are therefore to be completed.

Financial statements

Independent Auditor's Report to the Members of ITE Group plc

We have audited the parent company financial statements of ITE Group plc for the year ended 30 September 2011 which comprise the Parent Company Balance and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements:

- > give a true and fair view of the state of the company's affairs as at 30 September 2011 and of its loss for the year then ended;
- > have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- > have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- > the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- > the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- > adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- > the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- > certain disclosures of directors' remuneration specified by law are not made; or
- > we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the group financial statements of ITE Group plc for the year ended 30 September 2011.

Alexander Butterworth (Senior Statutory Auditor) for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors
London, United Kingdom
28 November 2011

Financial statements

Company Balance Sheet

30 September 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Investments in subsidiaries	5	3,807	3,807
Intangible assets	5	25	27
		3,832	3,834
Current assets			
Debtors due within one year	6	100,076	135,116
Cash at bank and in hand		74	2,325
Deferred tax asset	7	249	150
		100,399	137,591
Creditors: amounts falling due within one year	8	(798)	(23,555)
Net current assets		99,601	114,036
Total assets less current liabilities		103,433	117,870
Net assets		103,433	117,870
Capital and reserves			
Called up share capital	9,10	2,486	2,483
Share premium account	10	2,724	2,698
Merger reserve	10	2,746	2,746
Capital redemption reserve	10	457	457
ESOT reserve	10	(7,826)	(9,638)
Profit and loss account	10	102,846	119,124
Shareholders' funds		103,433	117,870

The accounts of the Company, registered number 01927339, on pages 98 to 102, were approved by the Board of Directors and signed on their behalf, on 28 November 2011, by:



Russell Taylor
Chief Executive Officer



Neil Jones
Finance Director

Financial statements

Notes to the Company accounts

For the year ended 30 September 2011

1 Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. The financial statements have been prepared on a going concern basis as discussed in the Group going concern disclosure on page 67.

These accounts have been prepared under the historical cost convention and in accordance with Companies Act 2006 and United Kingdom Accounting Standards and have been applied consistently.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Investments

Fixed asset investments are shown at cost less provision for any impairment.

Intangible assets

Trademarks are measured initially at purchase cost and have a definite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful life. The estimated useful lives are up to 20 years.

Provisions

Provisions are recognised when the Company has a present legal obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade debtors and creditors

Trade debtors and creditors are stated at their nominal value. Trade debtors are reduced by appropriate allowances for estimated irrecoverable amounts.

Bank borrowings

Bank overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis to profit or loss.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates of exchange prevailing at that date. Non-monetary assets and liabilities are translated at the rate prevailing at the date the fair value was determined. Gains and losses arising on retranslation of monetary assets are included in profit or loss for the period.

Employee Share Trust

The financial statements include the assets and liabilities of the ESOT. Shares in the Company held by the ESOT have been valued at cost and are held in equity. The costs of administration of the ESOT are written off to profit or loss as incurred.

Where such shares are subsequently sold, any net consideration received is included in equity attributable to the Company's equity holders.

Financial statements

Notes to the Company accounts continued

For the year ended 30 September 2011

1 Basis of accounting continued**Share-based payments**

The Company issues equity-settled share-based payments to certain employees. These are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using a Black-Scholes model. The expected life used in the model has been adjusted, for the effects of non-transferability, exercise restrictions and behavioural considerations based on management's best estimate.

2 Loss for the year

The loss after tax for the year ended 30 September 2011 was £2.5 million (2010: £3.9 million). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the Company.

The auditors' remuneration for audit and other services is disclosed in note 4 to the consolidated financial statements.

3 Staff costs**a) Number of employees**

The average number of persons (including Directors) employed by the Company during the year was as follows:

	2011 Number	2010 Number
Directors	7	7

b) Employee costs

Their aggregate remuneration comprised:

	2011 £000	2010 £000
Wages and salaries	2,163	2,157
Social security costs	281	276
Share-based payments	581	473
Gross total	3,025	2,906
Highest paid Director	808	796

4 Dividends

	2011 £000	2010 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 September 2010 of 4.0p (2009: 3.9p) per ordinary share	9,537	9,283
Interim dividend for the year ended 30 September 2011 of 1.9p (2010: 1.7p) per ordinary share	4,568	4,052
	14,105	13,335
Proposed final dividend for the year ended 30 September 2011 of 4.2p (2010: 4.0p) per ordinary share	10,100	9,533

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Under the terms of the trust deed dated 20 October 1998, the ITE Group Employees Share Trust, which holds 8,102,687 (2010: 9,978,386) ordinary shares representing 3% of the Company's called-up ordinary share capital, has agreed to waive all dividends due to it.

5 Fixed assets

Investments in subsidiaries

The Company has investments in the following subsidiary undertakings and associates which principally affected the results or net assets of the Group. To avoid a statement of excessive length, details of investments which are not significant have been omitted. The principal activity of all the companies listed is the organisation of exhibitions and conferences, except RAS Holdings Limited and RAS Publishing Limited which publish trade magazines.

Subsidiary undertakings	Country of incorporation or principal business address	Effective holding	%
International Trade and Exhibitions (JV) Limited	England	Ordinary shares	100
ITE Exhibitions & Conferences Limited	England	Ordinary shares	100
IEG International Limited*	England	Ordinary shares	100
Intermedia Exhibitions and Conferences Limited	England	Ordinary shares	100
IEG-Gima International Exhibition Group GmbH & Co KG	Germany	Ordinary shares	100
International Trade and Exhibitions (ITE) Worldwide B.V.	Netherlands	Ordinary shares	100
E Uluslararası Fuar Tantanım Hizmetleri A.S.	Turkey	Ordinary shares	100
Premier Expo	Ukraine	Ordinary shares	100
ITE LLC	Russia	Ordinary shares	100
ITE Expo LLC	Russia	Ordinary shares	100
OOO Primexpo	Russia	Ordinary shares	100
ITECA	Kazakhstan	Ordinary shares	100
Iteca Caspian LLC	Azerbaijan	Ordinary shares	100
ITE Uzbekistan	Uzbekistan	Ordinary shares	100
ITE Moda Limited	England	Ordinary shares	100
ITE Enterprises Limited	England	Ordinary shares	100
RAS Holdings Limited	England	Ordinary shares	100
RAS Publishing Limited	England	Ordinary shares	100
ITE Moda Footwear Ltd	England	Ordinary shares	100
ITE Footwear Limited	England	Ordinary shares	75
ITE Exhibitions BV	Netherlands	Ordinary shares	100
ITE Exhibitions Iberica SL	Spain	Ordinary shares	100
ITE Asia Pacific SDN BHD	Malaysia	Ordinary shares	100
ITE Gulf FZ LLC	United Arab Emirates	Ordinary shares	100
Primexpo North West LLC	Russia	Ordinary shares	100
Siberian Fair LCC	Russia	Ordinary shares	100
ITE Holdings Ltd*	England	Ordinary shares	100
Newex Marketing Limited	Malta	Ordinary shares	87.5
Airgate Holdings Limited	Cyprus	Ordinary shares	100
Fin-mark S.r.l.u	Italy	Ordinary shares	100
International Exhibition Company CJSC ("MVK")	Russia	Ordinary shares	100
Krasnodar Expo	Russia	Ordinary shares	100
Yem Fuar	Turkey	Ordinary shares	60

* Held directly by ITE Group plc

Subsidiary undertakings

	Shares £000	Capital contribution £000	Loans £000	Total £000
Cost				
1 October 2010 and 30 September 2011	1,429	2,807	23,574	27,810
Provision for impairment				
1 October 2010 and 30 September 2011	(429)	–	(23,574)	(24,003)
Net Book Value				
30 September 2011	1,000	2,807	–	3,807
30 September 2010	1,000	2,807	–	3,807

Financial statements

Notes to the Company accounts continued

For the year ended 30 September 2011

5 Fixed assets continued

Intangible assets

	Trademarks £000
Cost	
1 October 2010 and 30 September 2011	37
Amortisation	
1 October 2010	10
Charge in the year	2
30 September 2011	12
Net book value	
30 September 2011	25
30 September 2010	27

6 Debtors due within one year

	2011 £000	2010 £000
Amounts owed by Group undertakings	99,226	134,453
Venue advances and other loans	521	515
Prepayments and accrued income	282	148
Other debtors	47	-
	100,076	135,116

The amounts owed by Group undertakings are payable on demand and bear no interest.

7 Deferred tax

	Share-based payments £000
1 October 2010	150
Charged to income	99
30 September 2011	249

At the balance sheet date the Company has unused tax losses of £800,000 (2010: £800,000) available for offset against future profits. No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future profit streams.

8 Trade and other creditors

	2011 £000	2010 £000
Amounts owed to Group undertakings	510	23,167
Accruals	27	148
Other creditors	50	40
Corporation tax – Group relief	211	200
	798	23,555

The amounts owed to Group undertakings are payable on demand and bear no interest.

9 Called up share capital

	2011 £000	2010 £000
Authorised		
375,000,000 ordinary shares of 1 penny each (2010: 375,000,000)	3,750	3,750
Allotted, called up and fully-paid		
248,568,749 ordinary shares of 1 penny each (2010: 248,312,702)	2,486	2,483

During the year, the Company allotted 256,547 (2010: 204,500) ordinary shares of 1 penny each pursuant to the exercise of share options. No ordinary shares (2010: nil) were issued in respect of Directors' remuneration. The total consideration for the shares issued was £38,478 (2010: £174,110).

During the year, the Company purchased no shares for the ESOT.

10 Reserves and reconciliation of equity shareholders' funds

	Called up share capital £000	Share premium account £000	Merger reserve £000	Capital redemption reserve £000	ESOT reserve £000	Profit and loss account £000	Total £000
1 October 2009	2,481	2,678	2,746	457	(10,241)	136,262	134,383
Exercise of options	–	–	–	–	603	(273)	330
Net loss for the year	–	–	–	–	–	(3,850)	(3,850)
Issue of share capital	2	–	–	–	–	–	2
Dividends paid	–	–	–	–	–	(13,335)	(13,335)
Share-based payments	–	20	–	–	–	320	340
30 September 2010	2,483	2,698	2,746	457	(9,638)	119,124	117,870
Exercise of options	–	–	–	–	1,812	(106)	1,706
Net loss for the year	–	–	–	–	–	(2,520)	(2,520)
Issue of share capital	3	–	–	–	–	–	3
Dividends paid	–	–	–	–	–	(14,105)	(14,105)
Share-based payments	–	26	–	–	–	453	479
30 September 2011	2,486	2,724	2,746	457	(7,826)	102,846	103,433

Financial statements

Shareholder Information

Range of holdings	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
1–100	208	16.42%	5,986	0.00%
101–1,000	318	25.10%	166,256	0.07%
1,001–10,000	437	34.49%	1,300,751	0.52%
10,001–100,000	160	12.63%	5,983,410	2.41%
100,001–1,000,000	98	7.73%	40,711,721	16.38%
1,000,001–highest	46	3.63%	200,400,625	80.62%
	1,267	100%	248,568,749	100%

Category	Number of shareholders	Percentage of total shareholders	Ordinary shares (million)	Percentage of issued share capital
Private individuals	872	68.82%	5,950,873	2.39%
Nominee companies	353	27.86%	240,394,449	96.72%
Limited and public limited companies	23	1.82%	1,329,340	0.53%
Other organisations and banks	19	1.50%	894,087	0.36%
	1,267	100%	248,568,749	100%

Dividend mandates

Shareholders who wish dividends to be paid directly into a bank or building society account should contact the Registrar for a dividend mandate form.

This method of payment removes the risk of delay or loss of dividend cheques in the post and ensures that your account is credited on the due date.

Share dealing services

The Company's Registrar, Equiniti Financial Services Limited, offer a telephone and internet dealing service, Shareview, which provides a simple and convenient way of buying and selling shares. For telephone dealings call 08456 037 037 between 8.00am and 4.30pm, Monday to Friday, and for internet dealings log onto www.shareview.co.uk/dealing.

Electronic communications

Shareholders can elect to receive shareholder documents electronically by registering with Shareview at www.shareview.co.uk. This will save on printing and distribution costs, creating environmental benefits. When you register, you will be sent an email notification to say when shareholder documents are available on our website and you will be provided with a link to that information. When registering, you will need your shareholder reference number which can be found on your share certificate or proxy form. Please contact Equiniti if you require any assistance or further information.

Directors**Iain Paterson**

Non-executive Chairman

Russell Taylor

Chief Executive Officer

Neil Jones

Finance Director

Edward Strachan

Executive Director

Neil England

Non-executive Director

Michael Hartley

Non-executive Director

Linda JensenNon-executive Director
(appointed 7 July 2011)**Malcolm Wall**Non-executive Director
(resigned 31 August 2011)**Company Secretary****John Price****Registered office****ITE Group plc**
105 Salusbury Road
London NW6 6RG**Registration number**

1927339

Auditors**Deloitte LLP**

London

Solicitors**Olswang**90 High Holborn
London WC1V 6XX**Principal bankers****Barclays Bank plc**27 Soho Square
London W1D 3QR**Company brokers****Numis Securities Limited**The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT**Registrars****Equiniti Limited**Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA**Public relations****FTI Consulting**Holborn Gate
26 Southampton Buildings
London WC2A 1PB**Website**www.ite-exhibitions.com**Financial calendar****Final dividend 2011**

Ex dividend date	4 January 2012
Record date	6 January 2012
Annual General Meeting	26 January 2012
Payment date	13 February 2012

Interim dividend 2012

Ex dividend date	4 July 2012
Record date	6 July 2012
Payment date	9 August 2012

Notes



ITE would like to thank all those who participated in producing this report, particularly the members of staff for their contributions.

This report is printed on Hello Silk paper, which is FSC certified (FSC Mixed Sources product group from well managed forests and other controlled sources) and is produced at a mill that is certified to the ISO14001 and EMAS environmental management standards. The pulp is bleached using mainly a Totally Chlorine Free (TCF) process, but some is bleached using an Element Chlorine Free (ECF) process. This material is recyclable and biodegradable.

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A copy of this report is available on our website.

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